

STATE CAPITOL COMMITTEE
General Administration Building, Room 324
Olympia, Washington
October 12, 2010
10:00 a.m.

Minutes
Approved June 30, 2011

MEMBERS PRESENT

Brad Owen, Lieutenant Governor
Sam Reed, Secretary of State
Peter Goldmark, Commissioner of Public Lands

MEMBERS ABSENT

Marty Brown, Governor Gregoire's Designee

OTHERS PRESENT:

Jim Albert, DIS
Alhadeff, Sally, DIS
Buccarelli, Kim, GA
Casey, Martin, GA
Cockrell, Nick, GA
Cox, Jennifer, DIS
Childs, Harvey, Citizen
DeMeyer, John, Olympia Yacht Club
Edwards, Sherry, GA
Fraser, Karen, Senator
Gadberry, Gerald, GA
Gow, Valerie, Puget Sound Meeting Services
Henderson, Tom, GA
Howson, Susan, House OPR
Jennings, Marygrace, GA
Jacobs, Bob, Citizen
Jones, Nathaniel, GA
Johnson, Joy, GA

Larson, Gary, Citizen
Lewandowski, Steve, OFM
Masse, Steve, House
McClanahan, Neil, City of Tumwater
McDonald, Patrick, Secretary of State Office
Miller, Allen, Citizen
O'Connell, Emmett, NWIFC
Patnude, Sue, Deschutes Estuary Restoration Team
Rasmussen, Pat, Temperate World Rain Forest Network
Roland, Donna, GA
Scheel, Bonnie, GA
Sweeney, Ann, GA
Stepelton, Andy, Legislative Facilities
Van Schoorl, Bob, GA
Wiley, Jana, Deschutes Estuary Restoration Team
Young, Catherine, Legislative Facilities
Lagenfelder, Jim, Citizen

Welcome and Introductions

Lieutenant Governor Brad Owen called the State Capitol Committee (SCC) meeting to order at 10:02 a.m. A quorum was present. Marty Brown is excused from the meeting because of a family emergency.

The meeting agenda was published in *The Olympian*.

Lt. Governor Owen recognized in attendance Senator Karen Fraser and Tumwater City Councilmember Neil McClanahan.

Approval of Agenda

Secretary Reed moved, seconded by Commissioner Goldmark, to approve the agenda as published. Motion carried.

SCC will review one item on the SCC Agenda for Action: Approval of the December 3, 2009 SCC Minutes; three items for Information: Capitol Lake – Status Report (*Joyce Turner*), Capitol Lake – Status Report (*Joyce Turner*), and the GA Facilities Report – Status Report (*Tom Henderson*).

Approval of Minutes – December 3, 2009

Secretary Reed moved, seconded by Commissioner Goldmark, to approve the December 3, 2009 minutes as presented. Motion carried.

Director's Report

Joyce Turner, Director, Department of General Administration (GA), introduced herself. As Director of GA for six months, Ms. Turner said she is enjoying herself along with contending with opportunities and challenges.

Ms. Turner reported GA efforts are focused on shared services, sustainability, and stewardship. As a central service agency, GA is assisting partner agencies in reducing costs through various activities, such as combining fleets and assuming maintenance responsibilities, reducing lease rates in real estate services, and allowing purchasing by state agencies at reduced rates. In the area of sustainability and stewardship, GA has eliminated gas powered vehicles on Capitol Campus and replaced with electric vehicles and limited lawn mowing and plantings. GA is composting more and shut down Trivoli Fountain a month earlier to reduce costs. Another cost saving measure was foregoing cleaning of the capitol dome. Current focus and efforts are on the preservation of assets and protection of the health and security of employees.

Ms. Turner reported GA successfully appealed a 2005 audit by the U.S. Office of the Inspector (OIG) of Nisqually Earthquake grant funds used for Legislative Building repairs. The OIG challenged \$4.2 million in expenditures during that audit. The Federal Emergency Management Agency (FEMA) recently affirmed GA's appeal on nearly 75% of the challenged expenditures. GA is working with FEMA and the State Emergency Management Department on the remaining 25%. Most of the reasons for the audit questions pertained to a new formula for FEMA reimbursements.

Last spring, GA implemented budget reductions of \$3.5 million in campus operations and laid off a number of employees, primarily in Facilities and Surplus programs. This occurred after GA underwent a heavy round of layoffs in 2009. Because of the reductions, re-structuring has occurred within GA. The Governor recently ordered further across the boards General Fund cuts. With careful management of the budget and the previous lay-offs, no other lay-offs are anticipated. It will however, impact preventive maintenance on Capitol Campus buildings totaling approximately \$250,000 to meet the Governor ordered October 1 cuts.

Ms. Turner advised that the Thurston County realignment project is a collaborative effort to reduce square footage occupied by the state and the associated costs of leasing. It includes relocation of several Department of Social and Health Services (DSHS) offices and Employment Security Department offices saving approximately \$5 million over 10 years. The action will reduce state space by more than 50,000 square feet in Thurston County. The planning component was possible because of data provided by the six-year facility planning process.

Commissioner Goldmark commented that with the reduction in the number of employees in state government, those reductions should also represent less space. He asked about additional savings realized to date from reductions from the work force that occurred over the last biennium. Ms. Turner offered to provide information on reduced lease costs as well as where further reductions have occurred.

Lt. Governor Owen asked whether the savings involve the general fund or the capital budget. Ms. Turner advised that the agencies will realize the savings within the agency's respective operating budgets.

Ms. Turner reviewed how GA is implementing temporary layoffs on ten days during the fiscal year. Several impacts on Capitol Campus operations and services include:

- **Parks are Open:** Heritage, Marathon, and Sylvester parks are open, restrooms are cleaned, but there are no other maintenance operations.
- **No Campus Tours:** No tours on the days of the temporary layoffs.
- **Building Access:** Many buildings on the Capitol Campus are closed on temporary layoff days, although some agencies will have some staff working.
- **Maintenance Operations:** A skeleton crew is on site during normal business hours to respond to emergencies and maintain facilities. Minimal custodial services are provided to maintain health and sanitation of the facilities.
- **Powerhouse:** The Capitol Campus Powerhouse operates every day of the year. It is fully staffed throughout the temporary layoff days to maintain steam and chilled water systems and to answer the phones after hours.

GA Facilities Report – Status Report

Tom Henderson, Assistant Director, GA Facilities Division, provided a report on GA facilities:

Current Biennium (09-11) Capital Construction:

- **Renovation of O'Brien Building:** The building is the largest capital project with a completion date of the first floor on December 1. Most of the work is on schedule. Work continues in the evening on floors 2 through 4. Temporary office buildings are under construction in the Pritchard parking lot. Floors 2 through 4 will be completed by December 2011.
- **WWII Memorial:** The blades are under restoration and should be completed within the next week. New replacement tiles and drainage are included in the project.
- **Korean War Memorial:** The memorial was completed cleaned and rewaxed and the lettering around the memorial was repainted.
- **Story Pole:** The story pole erected since 1940 is showing serious signs of decay and faces an uncertain future. Moisture content is very high. Sections of the story pole will be removed and stored in the green house. The tribes and the State Department of Archaeology & Historic Preservation were notified. The goal is to preserve sections of the pole. There is interest in replacing the story pole and the Governor's Office of Indian Affairs is coordinating discussions and considering options. The story pole is made from cedar. Some 3-D imagery has also been completed on the pole.
- **Preservation of Campus Trees:** GA is working with an urban forester to help preserve Capitol Campus trees and to assist in the care and pruning of trees. The process includes a donation program, which include several donations by the Daughters of the American Revolution, Alaska Flight 261, and Commissioner Goldmark. These resources assist in minimizing the state budget.
- **Infrastructure Projects:** A number of infrastructure projects are underway on campus involving sewer lines, chilled water lines, and steam isolation valves. The Washington State Patrol asked for the installation of a small stone wall at the front of the mansion lawn, which was completed. GA is also working on stormwater improvements in the flag circle area near the Temple Justice Building. Sewer lines will be lined for longevity. In areas of failure, those sections will be replaced prior to lining.

Mr. Henderson referred to a summary of proposed 2011-13 capital projects. GA contracted with a consultant to help with scoping and preparing project cost estimates. There are 22 projects totaling \$57 million listed in priority order on the first page of the summary with prioritized minor works on the second page. Mr. Henderson reviewed some of the income sources. The projects focus primarily on life safety, stewardship, and sustainability. He outlined the different categories of projects involving project management, infrastructure or large capital repairs, facility oversight program consolidation of space statewide, and two major projects for the pre-design for the GA Building replacement and the Newhouse Building replacement. Several projects are for repair and sandstone on several historic buildings on campus as well as other repairs to the Capitol Building, Insurance Building, and the Temple of Justice. The dome is not scheduled for cleaning.

Commissioner Goldmark asked about the committee's role in the prioritization of projects. Mr. Henderson replied that he will provide the project scoring sheets for the projects to receive input from the committee.

Mr. Henderson said the department expects a difficult session for the capital budget and anticipates less general obligation bonds than last year. There is some uncertainty about the funding sources. The project list is comprehensive in terms of the most critical needs but the department is uncertain how the projects will be funded.

Wheeler Site Development – Status Report

Jim Albert, Enterprise Program Office Director, Department of Information Services (DIS), reported the Wheeler project is substantially under budget and ahead of schedule. He introduced Sally Alhadeff, Project Manager, DIS.

Ms. Alhadeff reported the anticipated completion of the building was moved from September 2011 to approximately July 1, 2011. The department is planning moves beginning in June 2011, which includes the DIS offices from multiple locations as well as a Headquarters location for the Department of Personnel (DOP). Office space will be occupied by the Office of Financial Management (OFM) for statewide accounting offices and small agency accounting. DIS will occupy 150,000 square feet of the office building. OFM will occupy 45,000 square feet and the DOP will occupy 55,000 square feet. In addition to office space, the building will house the new DOP Training Center.

Work is progressing on the roundabout, which is proceeding well in close coordination with the City of Olympia. The surrounding neighborhood and state employees have been cooperative and supportive. A section of Jefferson has been closed since construction began between 14th and 16th and will remain closed after the other sections open in mid October to the first part of November. The I-5 off ramp will be closed during the weekend to complete the paving project.

Another element of the intersection is the opportunity to improve landscaping in the area. Trees are scheduled to be planted in the next day. Major greenscape improvements are underway. DIS worked with multiple stakeholders including GA and a local bike trail association on landscaping improvements. DIS is participating in the tree donation program to mitigate the loss of trees removed from the southwest corner of the property.

DIS is striving for LEED certification of platinum for the office building which means the building will be very efficient in terms of energy usage. The building will use natural light to the extent possible and will employ and promote efficient and effective use of energy by occupants. The project team is working with OFM and the DOP on those changes. Since construction began on the Data Center, the Building Council has instituted a program for LEED certification for data centers. The department is seeking a minimum silver rating for the Data Center with a goal to attain a gold rating. The rating is based on many factors including efficient consumption of energy.

Tours of the new buildings are being provided to future occupants and others.

The last major regulatory process is receipt of a permit from ORCAA to install state-of-art diesel burning generators. As part of the permit process, a public hearing is required, which will be held on October 25, 2010. Preliminary approval has been received.

Because of the financing method for the project, DIS is restricted in the utilization of the savings. The savings must be reinvested in the project. The team is working internally with management and with OFM on ways to utilize the savings for both capital improvements and to help defray some of the debt service.

Ms. Alhadeff responded to questions about the purpose of the public hearing on the installation of the generators. The Olympic Region Clean Air Authority (ORCAA) determined that there was sufficient interest to schedule a public hearing. ORCAA will make a presentation as well as the Department of Ecology (DOE). The hearing will provide an opportunity to answer questions from citizens. There have been questions and concerns from neighbors that will be addressed.

Commissioner Goldmark asked whether the generators will be LEED certified as well. Ms. Alhadeff replied that the generators are rated Energy Star and meet qualifications for LEED certification. She described the testing process for the generators. Mr. Albert added that existing data centers on Capitol Campus run generators that are older and not as efficient. Those generators are located next to neighborhoods and will be replaced when the agencies move into the Data Center.

Commissioner Goldmark commented that the building will not be state-owned for some period and that because of the financing method used for the construction, the state cannot utilize any of the savings achieved during construction. Ms. Alhadeff advised that the savings will be applied to the rent payments for the next two years. The guaranteed maximum price from the developer is \$250 million for base construction. Additionally, DIS borrowed additional funds for other capital costs associated with the project. In total, \$260 million was borrowed. DIS also borrowed capitalized interest to pay bondholders during the construction period for a total amount financed of \$300 million.

Secretary Reed commented that space needs for computer servers appear to be decreasing as technology improves. He asked how much of the space will be utilized. Mr. Albert responded that the strategy for the state Data Center was not to build out the entire facility. The plan reflects four data halls but only two data halls will be constructed of approximately 20,000 square feet. Today, in Thurston County, including the data center in OB2, there is approximately 70,000 square feet of data center. Although server size is reducing and demand for space is lessening, space is only one component of a data center design. The other two components are operation and electrical power. At the existing data center at OB2, there is a lack of power rather than space. The new Data Center will be powered five times higher. The ongoing strategy for utilizing the state Data Center will be moving existing state data centers into the new Data Center. The Data Center will accommodate all the equipment and space will be optimized. The growth in computing will continue expanding and at some point, the Data Center will need to be expanded.

Secretary Reed commented that many private corporations, such as Microsoft, Yahoo, and others are placing data centers in other counties with lower power rates. He asked why DIS did not consider other locations rather than Capitol Campus with higher power rates. Mr. Albert replied that the only commodity costing less in eastern Washington is power. All other commodities and services are more expensive, such as labor, land, and water. While power is a major component cost of a data center, there is a need for local access to the center. DIS approached the data center as a public utility for state government meaning that every state agency is a potential co-owner of the building and needs active access to the building to maintain its respective data infrastructure. When DIS completed its original placement studies, nine different locations were considered including locations outside Thurston County and in eastern Washington. At that time, the pre-design determined that the Wheeler lot location was the ideal location because most of the agencies and staff are located on Capitol Campus. Having access is a critical part of each agency's operation. Additionally, the current location of the data center that was built in the early 1970s is at risk and is not seismically rated. During the site review, the ability of redundant power was considered as well. The Capitol Campus power station provides power from the south and north essentially providing power from two locations. The location of the substation to the data center is important in the reliability of the Data Center. It's been documented that one in five families in the state receives a direct product from the data center each month. Building a facility that has nationally recognized Tier 3 capability was critical.

Commissioner Goldmark asked about the amount of cost savings anticipated from the project. Ms. Alhadeff said there are two categories of savings involving capitalized interest that consisted of a loan to build the project in 24 months and an additional amount for five months for unexpected expenses. Savings will represent \$8 million to \$9 million in capitalized interest savings. Another \$29 million in savings was achieved in construction costs. Because of the current economic conditions and the private/public partnership, the project was able to achieve substantial savings.

Secretary Reed questioned why the project requires a state trooper to perform traffic control rather than routine flaggers. Ms. Alhadeff said the utilization of a state trooper was a component of the approved traffic management plan. The cost difference between a regular traffic flagger and the state trooper was inconsequential. Having a uniformed officer on site has been very beneficial as motorists pay more attention.

Capitol Lake –Status Report

Ms. Turner reported that it's not surprising to anyone that there are very many and varied strong beliefs about the lake and whether it should be maintained or converted to an estuary. All those opinions have very good reasons. Those people in support of the lake appreciate the lake and recognize it is part of Wilder and White's vision and don't like the idea of mud flats. Those people supporting an estuary believe it's a duty to clean up Puget Sound and believe that an estuary will contribute to that clean up. They also believe it's better for native wildlife and that conversion to an estuary would provide an educational opportunity for future generations.

Both sides of the issue agree that no matter what option is selected, it's paramount to fund the decision. That is clearly an issue given the current economic situation and one that at this time, the state can ill afford. This briefing is on the outcome of the CLAMP process as well as an update on other studies and activities currently underway.

Nathaniel Jones, Senior Asset & Planning Manager, provided historical context of the Deschutes River basin and Budd Inlet beginning in 1856, when the earliest survey was conducted of Budd Inlet. Olympia was built on a peninsula with the northern extent of the natural peninsula located in the current vicinity of the Phoenix Inn hotel. Many areas along the peninsula during low tides were exposed mud flats. The original opening of the mouth of the Deschutes River was 2,000 feet wide. Because of water powered mills in Tumwater, there was a need to transport goods to Puget Sound through dredged channels. A mile-long wharf near Percival Landing extended out to open water. Transportation and commerce were important for the state's early development, which was accomplished by building Olympia on fill that was dredged to open the waterway to support industry.

In 1855, Edmond Sylvester donated 12 acres for the Capitol Campus. Earnest Flagg in 1893 planned a grand capitol building with a stone stairway extending from the tidal flats to the present site of the Temple of Justice and a grand highway running along the toe of the slope. The plan's demise in 1893 was because of the railroad panic.

In 1911, the State Capitol Commission hired Wilder and White to design six campus buildings to form the capitol group, as well as landscape architects, the Olmsted Brother, for campus master planning and landscape design. Flagg, Wilder, and the Olmsteds all acknowledged the value of connecting the new campus with the city center and with the waters of Budd Inlet – all with different ideas on how it should happen.

In 1912, the Olmsteds were concerned about the acquisition of the shoreline needed, which was at that time occupied by mills, businesses, and small hotels. They placed a higher priority on purchasing the residential lots existing between Capitol Way and Cherry Street for the development of Capitol Campus. The relationship between the two design firms and State Capitol Commission lasted through several administrations. The Wilder & White concept included a 200-foot wide boulevard connecting 4th Avenue with the Capitol Group

via a grand marble staircase. They pushed hard to have the capitol buildings set above a foreground of open water.

In 1938, the Legislature decided to create Capitol Lake, years after Wilder's death. Through an appropriation of \$150,000 during the height of the depression, the Legislature sought federal support to reshape the campus. Federal stimulus funding was not provided until 1948, following WWII. The project was completed in 1951. Shortly after the new dam and roadways were constructed, Peter Schmidt Sr. of the Olympia Brewery said, "Erosion in a few years will so overrun the basin lake that only the channel will remain."

Today, the Deschutes River deposits 35,000 cubic yards of sediment annually into Capitol Lake. Since 1951, the lake basin has lost 60% of its holding capacity with an accumulation of more than two million cubic yards of sediment. The last dredging was performed in 1989. Those actions did remove sediment from the basin but moved sediment to the edges of the lake to create parks and recreational opportunities. The impact of that approach is a smaller and shallower basin, generating significant management challenges.

When GA pursued a routine maintenance dredge in 1995, the proposal was formally challenged because an estuary alternative had not been adequately considered. The proposal was withdrawn and an advisory committee was formed to assist GA with all aspects of managing the lake basin.

The Capitol Lake Adaptive Management Plan (CLAMP) Steering Committee operated from 1997 to 2010 and produced numerous technical reports. Essentially, the committee worked on three bodies of work: a series of lake management reports, an Estuary Feasibility Report, and an Alternatives Analysis Report. The final analysis built upon the lake and estuary work and provides a comparative analysis of three alternative management strategies – a lake, an estuary, and a dual basin alternative, which provides a reflecting basin alongside an open river, similar to the Olmsted design.

In September 2009, the CLAMP Committee recommended that Capitol Lake be managed as an estuary; with additional recommendations to clean up the toxins in Budd Inlet, address upstream concerns related to water quality, and revise governance of the basin, shifting management from GA to a state natural resource agency. Although the committee was not unanimous, there were several objectives shared by all members. They called for the development of an implementation plan that 1) recognizes placement of the lake within its larger watershed, 2) supports the need for long-term solutions that are economically durable, and 3) which recognizes community interests through coordinated and collaborative approaches. The committee unanimously called for protection of fish passage in the Deschutes River, development of a cost-sharing plan between all relevant stakeholders and beneficiaries, development of a sediment management strategy, and identification of potential funding sources.

The committee's recommendation did not go unnoticed. Advocates for and against the committee's positions have continued to organize and develop in the year following the 2009 recommendation. Two local groups have emerged with opinions on either side of the debate -- the Capitol Lake Protection and Improvement Association (CLIPA) and the Deschutes Estuary Restoration Team (DERT). Both groups maintain a web presence and have issued statements defining their positions. CLIPA's support for the lake is derived from the support of the Wilder vision of a reflecting pool in the foreground of the capitol buildings and from concern that other alternatives will negatively impact downstream stakeholders. They assert that the lack of dredging since 1989 is causing environmental and economic damages in the lake and in Budd Inlet. They are calling for changes in the upper watershed for better water quality including the development of new land use policies and jurisdictional coordination for monitoring and planning. They support public/private financing for improved watershed health and they want Capitol Lake to store sediment as part of a larger Budd Inlet sediment management strategy.

DERT support for estuary restoration is derived from a perspective that natural systems are more environmentally and economically efficient and a belief that reconnecting the Deschutes River with its estuary is an important step towards Puget Sound clean up. They assert that the long-term consequences of lake management need to be understood to inform decisions and that Capitol Lake conflicts with the overarching policy direction for cleaning up Puget Sound. DERT also indicates that an estuary carries a lower lifecycle cost and that federal support for estuary restoration is quite possible. DERT is calling for the management of the basin to be transferred from GA to a state natural resource agency, which has more experience with natural systems.

In addition to the two locally based groups, a regional organization, People for Puget Sound, has been active in the debate. They support restoration of an estuary, saying that over the last 150 years that more than 75% of the river estuarine marshes in Puget Sound have been lost, negatively affecting the economy, community health, and environmental sustainability. They assert that the Capitol Lake reservoir is unhealthy and unsustainable. Finally, they believe removal of the dam and restoration of the estuary are not the only things to be done to recover healthy water in Budd Inlet. Many other conditions contribute to poor habitat and water quality, but removal of the dam is likely the most important single action to improve Budd Inlet.

Mr. Jones reviewed technical, economic, and environmental considerations of the three lake management options.

Technical considerations:

Managed Lake

- Little change in infrastructure.
- The operation of the dam provides greater protection against the initial effects of sea-level rise on downtown flood risk.
- A large initial dredge is required in addition to regular maintenance dredging. Dredging inside the lake is more difficult than in Budd Inlet.

Estuary

- Both initial and maintenance dredging are lessened; most existing sediment is moved to the shoreline, reducing costs and permitting complexity.
- Significant infrastructure is required early in implementation (including building a new 5th Avenue bridge and reinforcement of Deschutes Parkway)
- These infrastructure changes are required early in project implementation

Dual Basin Estuary

- In addition to estuary alternative considerations, constructing a north basin barrier involves considerable engineering and environmental uncertainties.

Economic considerations:

Costs for any of the studied options are projected to exceed \$100 million over 50 years and may be much higher, depending upon assumptions. Dredging is a part of all of the alternatives and the single largest cost of any of the options is the cost of dredging. Because there is uncertainty about where dredge spoils can be disposed cost estimates are expressed as a broad range.

Creation of the lake established a significant economic benefit to downstream marine interests by reducing sedimentation in lower Budd Inlet. Today, downstream stakeholders are concerned that a lack of dredging is resulting in increased sedimentation in lower Budd Inlet. All of the studied options included cost analysis for sediment management in the lake and in Budd Inlet.

Our analysis has not effectively considered secondary effects on the local economy, such as tourism, retail sales, or property values.

Managed Lake

- Relatively little infrastructure cost. Preserves benefits for downstream marine interests.
- More dredging is required, initially and with regular maintenance dredging into the future. Unit costs for dredging in the lake are higher.

Estuary

- Initial dredging and maintenance dredging quantities and unit costs are lower.
- Significant infrastructure expenditure is required early.

Dual Basin Estuary

- Same as estuary, except added cost of north basin barrier.

Major construction in the estuary scenarios will likely have a temporary impact on Olympia's downtown.

Downstream interests, including the Port of Olympia and the six private marinas in Budd Inlet have expressed concerns that changes in sediment management can result in a shift of costs from the state to local entities. Uncertainty about the financial impact of management changes has generated support for a return to actively managing the basin as a sediment trap.

Having said that, all of the groups which have recently taken a position on Capitol Lake, including CLAMP, CLIPA, DERT, and People for Puget Sound have supported cost sharing between stakeholders through some form of public private partnership. To my knowledge, work has not been done to define what this would look like, however, it appears that cost sharing can be a part of any scenario for the future.

Finally, on economics, the City of Olympia has expressed the opinion that the lake/estuary decision is not the important consideration. From their perspective, the far more significant challenge before the state and the various stakeholders is the creation of a structure which provides durable economic support for the management of the basin well into the future.

Environmental considerations:

Portions of the Deschutes River, Capitol Lake, and Budd Inlet do not meet federal water quality standards and are listed for one or more of five water quality parameters. Budd Inlet suffers from very low dissolved oxygen levels during a significant portion of the year. Improved flushing in the inlet and the associated reduction of dissolved oxygen is cited by some parties as the most compelling argument for estuary restoration. DOE estimates that estuary restoration would resolve dissolved oxygen concerns for approximately one-half of the affected area in Budd Inlet or approximately 650 acres. Most other water quality issues originate in the watershed above the lake basin. CLAMP, CLIPA, DERT, and People for Puget Sound all advocate that the lake basin must be viewed as part of the watershed and have called for improved management to reduce impairments. However, upstream challenges are based in geology, economic incentives, and human behavior.

One year ago, New Zealand Mud Snails were discovered in the lake. The snail reproduces dramatically and has no natural predators. The snail was first discovered in the Snake River in Idaho in 1987 and has since spread to other water bodies. Capitol Lake is the first water body in the Puget Sound region to experience infestation. The snail can thrive in both fresh and brackish waters. The snail must be addressed to avoid infestation of other watersheds. If the snail is not eradicated prior to dredging, dredge disposal costs will increase dramatically.

Managed Lake

- Supports insects as food source for foraging bats and those birds which feed on the wing.
- Supports several invasive and non-native species, including exotic amphibians and mammals.
- Dam increases risk of predation for migrating salmon.
- Is expected to make efforts to improve water quality in Budd Inlet more difficult.

Estuary and Dual Basin Estuary

- Increased tidal flushing and water circulation is expected to improve water quality in Budd Inlet.
- Would improve habitat for 10 species which have been listed with special designations.
- Would benefit anadromous and marine fish.
- Would restore 260 acres of an ecosystem type that has been significantly reduced throughout Puget Sound.
- Loss of nearly all habitat used by freshwater species. Reduced forage insects for bats and some birds.
- Potential for all 16 species of freshwater fish to be eliminated below Tumwater Falls including 2 with special designations (bass) and 5 non-native species.

Mr. Jones said the decision about the future of Capitol Lake sits within a larger environment. It is connected to the river and to the Sound. Planning for these water bodies is actively underway putting the lake within a dynamic and changing context. The first is DOE's ongoing water quality work involving the Total Maximum Daily Load (TMDL) Study. DOE is delivering a Deschutes Watershed Cleanup Plan including the lake, river, and the inlet. A lake management decision will affect the TMDL process. Similarly, a cleanup plan will affect how the lake basin can be managed. DOE developed two scenarios for its modeling one for a lake and one for an estuary to keep all options open.

The Puget Sound Nearshore Ecosystem Restoration Project (PSNERP) was initiated in 2001 to identify nearshore ecosystem problems and solutions. The process has identified 27 sites and 46 candidate actions within those sites. The Deschutes estuary restoration has been identified as one of the 46 candidates for nearshore investment. Selected projects may be eligible to receive 65% federal financial support through the U.S. Army Corps of Engineers.

Mr. Jones acknowledged that the various considerations bearing on the future of the basin are substantial and that there have been deep investments of time and energy by advocates of all sides of the issue. People care about the future of the Capitol Lake basin. The matter will not be easily resolved.

Ms. Turner commented that the current economic climate doesn't provide sufficient funds to pursue any of the management options at this time. In the most recent round of budget cuts, the state is closing prisons, cutting education, reducing enrollments at higher education institutions, removing children from healthcare benefits, and reducing social services from those that need it the most. There will be further cuts during the 2011 legislative session. The CLAMP Committee estimates the cost for going forward with an estuary from \$115 million to \$225 million. Restoring the lake is estimated to cost \$191 million to \$322 million. The dual basin option would cost even more. It is a very difficult time to move forward with any of the recommendations. As part of the capital budget, GA proposes a plan to begin the permit process for dredging in Capitol Lake, which would allow for any of the three management options. The lake is filling with sediment and poses serious risk of flooding to downtown Olympia. It is the prudent and safe approach to pursue dredging. GA is including a \$500,000 budget request in the department's capital budget. Dredging is the prudent and safe thing to do at this time.

Ms. Turner provided a copy of a letter from Senator Fraser and Representative Hunt to the Capitol Campus Design Advisory Committee that was sent to GA on November 16, 2009.

Senator Fraser reported that the letter was sent to GA and includes a list of questions as well as concerns that should be addressed as the process moves forward. There is some need for more analysis, further collaboration, and development of longer term options.

Secretary Reed spoke in support of the dredging proposal, saying, it has been unconscionable for the state not to take some action since 1989. Lt. Governor Owen agreed.

Commissioner Goldmark thanked Mr. Jones for the thorough presentation.

Lt. Governor Owen added that he has reservations about the report that was released from the CLAMP as the SCC was briefed several times. The effort was to be a comprehensive analysis of options. Clearly, the reports that were developed supported the estuary option. He said he has some concerns about an incomplete review and is appreciative of the department's request to move forward with a dredging request. He acknowledged that any other action will be difficult during this financially difficult time.

Adjournment

With there being no further business, Lt. Governor Owen adjourned the meeting at 11:32 a.m.

Prepared by Valerie L. Gow, Recording Secretary/President
Puget Sound Meeting Services