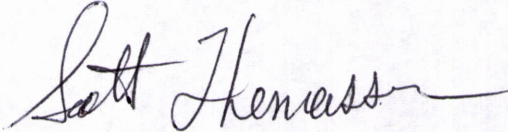


MEMORANDUM

September 10, 2014

To: Pam Elardo, P.E., Director
King County Wastewater Treatment Division

From: Scott Thomasson, Chair
Metropolitan Water Pollution Abatement Advisory Committee



RE: Transmittal of Liquid Assets Program Proposal

Attached to this memo is a proposed recommendation for development and implementation of the water quality program funded up to 1.5% of the Wastewater Treatment Division's (WTD) operating budget. This proposed recommendation was approved by the Metropolitan Water Pollution Abatement Advisory Committee (MWPAAC) at its August 27, 2014 meeting.

The proposed recommendation specifies that funding applications and decisions made under this new water quality program must meet the following *eligibility criteria*:

- Create a benefit to the WTD service area and the WTD ratepayers.
- Be explicit regarding the water quality benefit related to regional wastewater issues.

These criteria are integral to the proposal and have strong support from MWPAAC members. The recommended proposal also includes a five-year review of the program by WTD and MWPAAC. It also acknowledges that a revised version will be developed in coordination with the regional sewer contract negotiations for 2017 and beyond.

Finally, I wish to thank King County for this opportunity to collaborate together in developing criteria for this program. I also recognize the efforts of the work group that developed the recommendation which was comprised of MWPAAC members and staff from WTD.

Thank you for your consideration of the attached proposal and I hope that MWPAAC and WTD can engage in similar cooperative efforts in the near future.

cc: Pam Carter, Working Group Chair
MWPAAC Members
Sandra Kilroy, Assistant Division Director, Department of Natural Resources and Parks,
Wastewater Treatment Division

Liquid Assets¹

A Regional Water Quality Investment Fund

PROPOSAL

Approved by MWPAAC 8-27-14

Background

King County Code, under Financial Policy 8, allows for establishment of a water quality program funded up to 1.5% of Wastewater Treatment Division (WTD) operating budget. This proposal was developed, in partnership, by a working group composed of the Metropolitan Water Pollution Abatement Advisory Committee (MWPAAC) and WTD. The purpose is to recommend the framework and guidance to WTD who will then develop the administrative details.

Purpose

To improve water quality in the Wastewater Treatment Division service area in a way that supports, enhances or complements the current efforts of our regional wastewater system.

Criteria

Eligibility Criteria

Funding applications and decisions made under this program must meet the following *eligibility criteria*:

- Create a benefit to the WTD service area and the WTD ratepayers.
- Be explicit regarding the water quality benefit related to regional wastewater issues.

Review and Ranking Elements

The following program elements are designed to guide the types of projects, programs or activities funded under this program. In addition to meeting the eligibility criteria above, a proposal must respond to each of the program elements below:

- **Service Enhancement Element.** The Liquid Assets Program is intended to deliver water quality improvements that supports and enhances WTD's work plan. To that end proposals must demonstrate how they meet at least one of the Enhancement Objectives:
 - Explore and pilot innovative ways to improve water quality and the environment.
 - Include specific WTD emerging priorities/programs, e.g. Wheels to Waters, green chemistry, etc...
 - Engage a broader array of participants in water quality improvements.
 - Create and foster partnerships with local nonprofits, businesses, community groups.

¹ The name of the program is subject to change. One name being strongly considered is "WaterWorks"

- Address equity and social justice issues consistent with KC equity and social justice ordinance #16948.
- **Water Quality Benefit Element.** Projects need to be explicit regarding the water quality benefit to WTD. Example project benefits include:
 - Address a water quality problem or implement a project to improve water quality.
 - Address contaminants entering the system, i.e. pollution prevention, source identification, fats/oils/grease, product stewardship, emerging chemicals, etc....
 - Protect or improve watersheds, streams, rivers, lakes, wetlands and tidewater in the WTD service area.
 - Provide education, on the ground improvement projects, programs, research, technology development, or other related ideas.
 - Build awareness of water quality and environmental protection & promote behavior change for improved water quality gains/outcomes.
- **Strength of Implementation Element.** Strong applications will demonstrate the following
 - Leverage other funding.
 - Community involvement benefits, i.e. strength and diversity of partnerships and community stewardship.
 - Certainty of success in delivery.
 - Cost effectiveness of proposal
 - Clear outcomes.

Overall Funding Distribution Structure

The program would be implemented through a grants program.

- The funding would be distributed through grants (minus funding needed for staff administration of program)
- On an annual basis an Request for Proposal is released for a grants program
- The program criteria serve as the guidance for applicants and would be used during the selection process
- All submitted proposals would be reviewed, ranked, and a final list selected for funding
- WTD can apply for funds and would submit applications according to the procedures.
- WTD and MWPAAC will conduct a five-year review of the program.

The basic structure of the process is below. Details will be developed by WTD.

Eligibility for Funds

The following entities are eligible to be recipients of this funding:

- Non-Profits (including associations, community groups, educational institutions, 501c3, etc.)
- Cities, counties, special purpose districts
- Tribes

Any other entity interested in providing projects that benefit service area would need to partner with an eligible entity.

Program Administration

Funding Authority:

- As part of the budget process KC Executive requests and the KC Council authorizes the budget authority to fund this program.
- Budget authority is up to 1.5% of the WTD operating budget in that given year.
- Financial Policy 8 should be amended by Council to include the purpose and two eligibility criteria as stated on Page 1.

Staffing:

- WTD would be responsible for administering and staffing the program.
- WTD would utilize a percentage of program funds to pay for this administration.
- WTD will develop administrative details of the grants program including development of process, application materials, announcements, grant/contract distribution, tracking, financial accounting, reporting requirements, etc.
- It is the intent that in addition to improving water quality, this program be designed in a way that minimizes administrative burden and maximizes transparency of decision making.

Project Selection Process:

Below is the basic structure of the project selection process. For 2017 and beyond a revised version will be developed in coordination with the regional sewer contract negotiations.

1. WTD staff will administer the program, do a request for proposal and receive applications.

2. A Grant Ranking Committee will review, rank and recommend projects for funding.
 - a. The committee is staffed by WTD.
 - b. The Committee is made up of six people:
 - 3 MWPAAC representatives (at least one city, at least one special purpose district);
 - 2 WTD representatives;
 - 1 King County Council representative.
3. The Committee sends to WTD Management the proposals it recommends for funding.
4. WTD confirms project list and administers the contracts for each project, subject to King County Council approval of projects through the supplemental budget process.
5. On an annual basis WTD provides a briefing to MWPAAC and RWQC on status of program including information such as: number of proposals received, projects funded in that year, and summary of completion of past projects.