



STATE OF WASHINGTON

OFFICE OF THE INTERAGENCY COMMITTEE

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Topic #7: 2007 Grant Round

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Proposed Action: 2007 Review Panel update and Board approval of updated Manual 18 and Appendix A

Summary:

Review Panel Update: The Review Panel is planning a meeting for July 10-12 to accomplish two tasks. The first task is a coordination work session with invited regional technical team representatives to explore how efforts of the Puget Sound Technical Review Team (TRT) and other regional technical review groups compare to those of the SRFB Review Panel, and discuss possible gaps and overlaps associated with reviews of (a) habitat protection and restoration strategies, (b) prioritized habitat project lists, (c) specific projects (incl. design), and (d) alignments between regional salmon recovery plan strategies, project lists, and individual projects.

The second task is for the Review Panel to review each project and finalize preliminary Review Panel findings on forms for each project. These are projects where the Review Panel has made a site visit or the lead entity has provided materials to review. Staff will provide the board some preliminary analysis at the SRFB meeting.

Puget Sound Acquisition and Restoration Funds: Since the May SRFB meeting, staff has been working with Shared Strategy and the Puget Sound Lead Entities to develop policies for the Puget Sound Acquisition and Restoration Funds (PSAR). Based on the May board meeting discussions staff has crafted "Appendix A" for inclusion in Manual 18. Appendix A establishes policies for the PSAR Funds on the following items:

- List submittal (see new Puget Sound Lead Entity List Memorandum)
- Match – 15% required except on design only projects
- Eligibility – current SRFB eligibility with the addition of "high priority projects listed in the plan"
- Design Only Projects
- Reserving funds – Ability to apply to a future restoration project

At the time of the writing of this memo Lead Entities are reviewing Appendix A (attached). Staff will provide a verbal report and recommendation at the meeting.

Manual 18 Housekeeping items: While updating the manual, staff found several small housekeeping items needing revision. Staff will highlight these updates prior to final Board adoption of Manual 18. These include:

- Agency name change – Recreation and Conservation Office (RCO)
- Puget Sound Allocation – Reference to \$250,000 to Hood Canal for Summer Chum (Deleted)
- Veterans Conservation Corps – New language from the last legislative session

Appendix A

Puget Sound Acquisition and Restoration Funds

The state 2007-09 capital budget includes \$40.75 million to accelerate implementation of the Puget Sound Salmon Recovery Plan. These funds were requested by the Governor as part of her initiative to protect and restore Puget Sound by 2020. The budget directs the Salmon Recovery Funding Board (SRFB) to distribute the funds in consultation with the new Puget Sound Partnership.

The following policies were developed in consultation with Puget Sound Shared Strategy and Puget Sound lead entity representatives.

Process

The Puget Sound Acquisition and Restoration (PSAR) funds will not be intermingled with state or federal (Pacific Coast Salmon Recovery Fund) SRFB funds. The PSAR funds will be tracked separately in PRISM to insure the SRFB and partners can accurately account for the use of the monies. The process will parallel the 2007 SRFB Round in timing and general requirements. Shared Strategy will submit a project list for PSAR Funds along the same timeline and similar to the current process for submitting a region list through the regular SRFB process. Puget Sound Lead Entities will use a revised version of the Lead Entity List Memorandum (see appendix B-2 page 43) that includes a new column for the amount of PSAR funds requested. It is assumed that PSAR projects will be evaluated and prioritized using the same local process as for SRFB projects.

Allocation Method

At its December 13-14, 2007, meeting, the SRFB intends to allocate the full \$40.75M to lead entities/watershed planning areas using the distribution formula recommended by the Puget Sound Salmon Recovery Council. Each watershed/lead entity will compile a PSAR project list for the amount allocated for that watershed/lead entity.

Project Eligibility

PSAR projects must meet the same eligibility requirements as SRFB projects described on page 13-14 of this manual. PSAR funding is largely focused on habitat protection and restoration projects. However, the following exceptions will apply:

1. Projects identified through the Puget Sound salmon recovery plan as the highest priority projects, even if they do not meet SRFB eligibility requirements, will be eligible for PSAR funding. All projects will be reviewed by the SRFB review panel (complemented by information from the Puget Sound Technical Recovery Team and other experts in the subject matter if needed), and evaluated to the

extent possible using the POC benefit and certainty criteria used for traditional SRFB projects.

2. Assessments or research projects, including those intended to fill data gaps identified in the recovery plan or lead entity strategies are eligible, however, it should be noted that the legislative emphasis is toward applying PSAR funds to habitat restoration and protection projects.
3. Design only projects (see below).

Match

There is a 15% match requirement on PSAR projects. SRFB funds and PSAR funds can be used as the funding source for the same project, but they cannot be used as match and they must have separate accounting for their match source.

Recognizing that it may be difficult for some project sponsors to find match on this short implementation schedule, the SRFB will allow for project “design-only” contracts to be issued without a match requirement. However, the ensuing construction contracts must meet the 15% match requirement. If project sponsors request design-only contracts, lead entities should reserve sufficient funds in their overall allocations to cover at least a portion of the estimated construction costs. (Please see the Restoration Design-Only Section-below)

Role of the SRFB Review Panel

The technical review of PSAR projects will follow the process used to review SRFB projects. Review of PSAR projects will result in an increased workload for SRFB staff and review panel members. To help accommodate the increased review workload, the review panel was expanded, bringing the total number of 2007 review panel members to nine. The SRFB retains the option of adding additional reviewers if needed.

Restoration – Design-Only Projects

To accelerate implementation of projects funded under PSAR, the SRFB authorized grants for design-only projects using an expedited process. Design-only projects include

1. The purpose of design-only projects is to expedite the project implementation process and to ensure more accurate project construction cost estimates.
2. Conceptual design evaluation (feasibility study) and preliminary design are eligible for funding. Design work must be completed within 18 months of the “board funded” date. (Please refer to the definitions of Feasibility Study and Preliminary Design – Manual 18b Appendix E).
3. Projects must be listed in the Puget Sound Salmon Recovery Plan three year work plan

4. Applicants would use the existing SRFB project application for design projects and submit applications by September 17, 2007 as part of a Lead Entity list and/or Shared Strategy list for PSAR funds. Design-only projects should be recorded on the list along with the funding requested for completing the design. In addition, reserve funds need to be identified in a separate column on the list. Reserve funds may cover all or a portion of the estimated construction costs. (The list refers to a completed Lead Entity List Memorandum appendix B-2, page 43) The total costs requested on a lead entity list, including design costs and funds reserved for later construction should be within the total allocation for that Puget Sound lead entity.
5. The Puget Sound Technical Review Team (PS TRT) will evaluate the strategic nature of design-only projects as well as the other projects on each lead entity's list to ensure consistency with the Puget Sound Chinook Recovery Plan. SRFB Review Panel members will visit the proposed project site and review the application to evaluate the technical merits of the project using SRFB POC benefit and certainty criteria. Reviewers will consider the conceptual idea, the cost effectiveness of design development, and the likelihood that the proposed reserved amount for construction after design is adequate. Once the PS TRT confirms that the project is consistent with the recovery plan, and the SRFB Review Panel members have approved the technical merits of the project and cost estimates, SRFB staff will develop a project agreement with sponsors with deliverables defined (see appendix E Manual 18b). Successful design-only projects could be under agreement as soon as October 15th.
6. **No match** would be required on approved design-only projects.

Reserved Funds – Construction phase –Lead Entities may request that the SRFB reserve funds for the construction phase of a design-only project. Any restoration projects for which funds have been reserved will need to be reviewed and approved by the SRFB and issued a new project agreement.

Construction phase projects seeking the funds reserved for the project by the SRFB at its December, 2007 meeting may come forward for funding at a future SRFB meeting once the following is completed:

- 1) The design work is completed
- 2) The SRFB review panel has reviewed the design, construction costs estimates, and identified no major concerns (using the SRFB POC criteria).
- 3) Coordination has occurred with the Puget Sound Partnership and the project is noted in the three year work plan and considered a priority.
- 4) Appropriate match has been identified and secured to complete the project.

Once a project has completed the four steps mentioned above, the sponsor and lead entity will complete a SRFB application in PRISM and submit a request for construction funding. The requests will be made through the lead entity and will not exceed the

amount initially reserved for that project. Review by the SRFB review panel will be necessary to ensure consistency with the design, in the context of any changes proposed. RCO staff will take the completed application form, review panel evaluation, Puget Sound Partnership endorsement, and staff recommendation to the SRFB for approval. Once approved by the SRFB, RCO staff will develop the project agreement with the project sponsor. Reserved PSAR funds must be spent within the time period specified in the project agreement.