



STATE OF WASHINGTON

RECREATION AND CONSERVATION OFFICE

May 2009

Item #9: 2009 Grant Round Policies

Prepared By: Brian Abbott, Section Manager

Approved by the Director:

Proposed Action: Decision

Summary

Recreation and Conservation Office (RCO) staff is proposing that the Salmon Recovery Funding Board (board) approve minor revisions to *Manual 18, Salmon Recovery Grants Manual: Policies and Project Selection* to start the 2009 grant round.

In addition, staff will present funding level options for the 2009 grant round at the board's May meeting and ask the board to approve a funding level. The board typically has set the level at this time to guide the lead entities and regional recovery organizations in developing project lists for evaluation and funding consideration.

Staff Recommendation

Staff recommends that the board approve Manual 18 and a target funding level for the 2009 grant round.

Suggested motion language, Manual 18:

Move to approve Manual 18 as presented.

Suggested motion language, funding level (dollar amount to be determined at May meeting):

Move to approve a target of \$XX in grant awards for salmon habitat and restoration projects to be awarded in December 2009 according to the established regional allocation formula.

Background

Summary of Changes to Manual 18 for the 2009 Grant Round

In 2008, the board approved significant changes to Manual 18, including several grant process improvements. Because of this work, there are no major changes in the draft version of the Manual 18.

Staff made the following administrative changes to the manual:

- Updated the contact information;
- Moved the grant round timeline and flow chart to the beginning of the manual;



- Simplified the evaluation proposal for restoration, acquisition, and combination projects by incorporating the fish passage and screening questions (this action also eliminated an evaluation template);
- Updated the evaluation proposal questions to reflect the inclusion of fish passage and screening questions; and
- Clarified language stating that for-profit businesses are ineligible to receive the board's grants.

Staff also made administrative changes to the ineligible project elements section. Board policy has stated that "Forest Practices (Road Maintenance and Abandonment Plans [RMAP] related)" are ineligible for funding, except when they are on forested lands owned by landowners harvesting on average less than two million board feet per year. These activities typically are road culverts that are fish barriers.

In some cases, this policy may conflict directly with RCW 77.85.130 (6), which states that:

"The board may award a grant or loan for a salmon recovery project on private or public land when the landowner has a legal obligation under local, state, or federal law to perform the project, when expedited action provides a clear benefit to salmon recovery, and there will be harm to salmon recovery if the project is delayed. For purposes of this subsection, a legal obligation does not include a project required solely as a mitigation or a condition of permitting."

Because of this potential policy conflict, staff has removed the ineligibility language in the manual surrounding forest practices projects that relate to road maintenance and abandonment plans (i.e., fish passage or road decommissioning). Staff will review projects on a case-by-case basis referring to the RCW for eligibility.

If the project is found to be eligible for funding and there is an eligible local sponsor, then the project will go through the local and regional prioritization processes.

Stakeholder Involvement in Policy Review

Staff posted a draft of the revised Manual 18 on the RCO web site and distributed an email to regional organizations and lead entities summarizing the changes. Staff also attended the April 14, 2009 Lead Entity Advisory Group meeting to answer questions or clarify policies for the 2009 grant round. This outreach gave lead entities and project sponsors a chance to comment and allowed them to begin working on project proposals for the 2009 grant round.

Funding Level Options

The board typically has set the target grant round funding level at this time, based on the approved state budget and anticipated funding from PCSRF. Doing so gives the lead entities and regional recovery organizations fiscal guidelines for developing project lists for evaluation and funding consideration.

Following the recommendations of the Regional Allocation Task Force, staff recommends using the current allocations to the regions. Staff will present funding level options for the 2009 grant round at the board's May meeting and ask the board to approve an overall funding level.

Next Steps

Puget Sound Acquisition and Restoration Funds (PSAR)

Staff has been working with Puget Sound Partnership in preparation for the 2009-2011 Puget Sound Acquisition and Restoration Funds (PSAR) that are in the final state budget. The Puget Sound Partnership (PSP) asked the board to consider three potential PSAR projects for early funding. PSP worked with RCO earlier this year to lay out an early funding option. The SRFB review panel is making site visits in late April, and staff will have a recommendation for the May board meeting. There are no anticipated policy changes from the previous 2007 PSAR allotment. Manual 18, Appendix N, addresses PSAR.

Future Work

Staff have made several improvements to the grant process in the past few years, and will highlight the changes in the presentation at the May meeting. Staff believes that the process would benefit from additional improvements, but due to the current budget constraints, limited time to work with stakeholders, and current policy discussions, this work should be considered for the 2010 grant round.

Attachments

- A. Draft Manual 18

Manual 18 Appendix N

PSAR Funds – 2009 Grant Round

Note: The state 2009-2011 capital budget includes \$33 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. As this is being drafted, it is expected that the budget will direct the Salmon Recovery Funding Board (SRFB) to distribute these funds in coordination with the Puget Sound Partnership. If necessary, this guidance will be redrafted to reflect any unexpected changes to the budget proviso for PSAR funds. The following policies were developed in coordination with the Puget Sound Partnership.

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. To improve flexibility and quickly get funding to projects when they are ready-to-go for construction, the following opportunities exist to allocate PSAR funds for the 2009-2011 biennium:

- 1) An accelerated first round to allocate funds on July 1, 2009 for the 2009 construction season for projects that are permitted and ready-to-go;
- 2) A second round that parallels the 2009 SRFB round in timing to allocate funds in December 2009; and,
- 3) Additional rounds will be conducted, as necessary, depending on project readiness and watersheds' needs.

The Puget Sound Partnership will coordinate with lead entities and the SRFB to submit projects accordingly.

Puget Sound Lead Entities will use a revised version of the Lead Entity List Memorandum (see appendix F-2 page 85) that includes a new column for the amount of PSAR funds requested. PSAR projects will be evaluated and prioritized using the same local process as for SRFB projects, including review by the SRFB Technical Review Panel. Proposed projects will be reviewed by the Leadership Council of the Puget Sound Partnership and the SRFB for approval to award project grants.

Allocation Method. PSAR funds will be allocated to lead entities/watershed planning areas using the distribution formula recommended by the Puget Sound Salmon Recovery Council and approved by the Puget Sound Partnership Leadership Council. Each watershed/lead entity will compile a PSAR project list for the amount allocated for that watershed/lead entity. The SRFB will allocate PSAR funds according to review and approvals associated with the various project submittal opportunities described in the “Process” section. Therefore, lead entities/watershed planning areas can use their entire allocation in one round or spread their allocation over multiple rounds.

Project Eligibility. PSAR projects must meet the same eligibility requirements as SRFB projects described on page 13-20 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 watershed three-year work plans 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 Recovery Implementation Technical Team and other experts in the subject matter if needed), and evaluated to the extent possible using the POC criteria (Appendix D – Technical Review and Evaluation of Projects) 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. Phased design/construction 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 each must have its own separate match. 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 may be expanded for the 2009-2011 biennium.

Restoration – Phased Design/Construction Projects. To accelerate implementation of projects funded under PSAR, the SRFB authorized grants for design phase of projects using an expedited process. Design projects include:

1. Conceptual design evaluation (feasibility study) and preliminary design. Design work must be completed within 18 months of the “board funded” date. (Please refer to the definitions of design projects in Appendix D).
2. Projects must be listed in a Puget Sound Salmon Recovery Plan watershed three-year work plan.
3. Applicants would use the existing SRFB project application for design projects and submit applications according to the appropriate timing for whichever round they are seeking

funding as part of a Lead Entity list and/or Puget Sound Partnership list for PSAR funds. Design-only projects should be recorded on the list along with the funding requested for completing the design. In addition, estimated funds needed for the construction phase should be identified in a separate column on the list. Construction phase funds may cover all or a portion of the estimated construction costs. (The list refers to a completed Lead Entity List Memorandum appendix F-2, page 85) The total costs requested on a lead entity list, including design costs and funds identified for later construction should be within the total allocation for that Puget Sound lead entity.

4. The Puget Sound Recovery Implementation Technical Team (RITIT) 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 regional and watershed recovery plans. 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 criteria. Reviewers will consider the conceptual idea, the cost effectiveness of design development, and the likelihood that if constructed the project would provide the stated benefits. Design projects will be submitted to the SRFB for approval, after which SRFB staff will develop a project agreement with sponsors, to include deliverables defined (see appendix D).

5. **No match** would be required on approved design phases of projects. A match will be required on the later construction phase.

Construction phase. Lead Entities may utilize a portion of their allocation for restoration projects at a later date. The SRFB recognizes that some restoration projects may not be quite ready for funding due to pending design plans, landowner readiness, or capacity of local sponsors. Any restoration projects for which funds have been reserved must be reviewed and approved by the SRFB and will be issued a project agreement.

Projects seeking funding for the construction phase, where funds were reserved by the SRFB, may come forward for funding at any future SRFB meeting once the following is completed:

- 1) The design work is completed.
- 2) The lead entity technical & citizen advisory group has reviewed the design, construction cost estimate, and identified no major concerns (using their local criteria).
- 3) The SRFB review panel has reviewed the design, construction costs estimates, and identified no major concerns (using the SRFB POC criteria).
- 4) Coordination has occurred with the Puget Sound Partnership and the project is in the respective watershed's three-year work plan.
- 5) The Leadership Council of the Puget Sound Partnership has reviewed and approved the project.

6) Appropriate match has been identified and secured to complete the project.

Once a project has completed the five 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. Also, projects need to receive approval from the Leadership Council of the Puget Sound Partnership and the Puget Sound Salmon Recovery Council. RCO staff will take the completed application form, review panel evaluation, Puget Sound Partnership review, and staff recommendation, and Leadership Council approval to the SRFB for approval. Once approved by the SRFB, RCO staff will develop the project agreement with the project sponsor. PSAR funds must be spent within the time period specified in the project agreement.

Funding Timeline

PSAR Funds must be spent in four years starting from July 1, 2009 and ending June 30th 2013. A construction phase project must be under agreement no later than December 31, 2011.