

Appendix B: Puget Sound Acquisition and Restoration Fund

The Puget Sound Acquisition and Restoration (PSAR) program was created in 2007 to help implement the most important habitat protection and restoration priorities for Puget Sound. Funding is appropriated by the Legislature, allocated through the SRFB, and jointly managed by the Puget Sound Partnership and RCO. Since inception, it has supported more than \$200 million of projects and has helped develop and sustain a system of partners working towards recovery targets within their communities. The Partnership works with local lead entities to identify and prioritize projects.

2021-2023 Biennium Funds

RCO anticipates that the Legislature will fund PSAR in 2021-23. The purpose and intent of these funds is to accelerate implementation of the *Puget Sound Salmon Recovery Plan* and contribute to Puget Sound recovery.

For the 2021-23 Biennium, the Puget Sound Salmon Recovery Council will award the first \$30 million in PSAR funds to watersheds using a strategic allocation formula to advance projects that ensure that every watershed in Puget Sound makes significant progress toward recovery. This first \$30 million in funding is referred to as “PSAR regular round” funding. The projects funded with PSAR regular round funding were submitted and reviewed through the 2020 SRFB grant round and pre-approved by the SRFB in September 2020.

The recovery council will award any funding in excess of \$30 million to its list of strategic, high-priority, large capital projects in rank order. This funding is referred to as “PSAR large capital” funding. Puget Sound lead entities proposed these large capital projects through the same process as PSAR regular round and SRFB projects in 2020. Lead entities and the SRFB Review Panel evaluate the large capital projects, a panel of experts rank and prioritize the projects, the recovery council reviews and recommends approval, and the Puget Sound Leadership Council approves the ranked list. SRFB pre-approved the final list of PSAR large capital projects in September 2020 for 2021-23 Biennium funding.

A project may have PSAR funding and state or federal (Pacific Coastal Salmon Recovery Fund) funding so long as they are not used to match each other. PRISM will track each fund separately to ensure the SRFB and partners can account for the use of the money.

Process

The 2021 grant round will not include projects proposed for new PSAR funding. The PSAR program runs in even-numbered years every biennium. The next grant round to submit applications for PSAR funding is 2022.

Role of the SRFB Review Panel

PSAR projects, both regular and large capital, will be technically reviewed following the same process used to review SRFB projects.

Allocation Method

Before each biennium, the Puget Sound Salmon Recovery Council recommends and the Puget Sound Leadership Council approves allocation percentages that prioritize watersheds based on the federal delisting criteria in the *Puget Sound Chinook Recovery Plan*. Lead entities develop their proposed ranked project lists with an assumption, as a starting point, that the base amount for the regular round will be \$30 million. Lead entities are encouraged to add a reasonable number of alternate projects to their lists if they have additional high-priority projects in their strategies that are ready to move forward.

If a lead entity does not have enough projects to fully obligate its entire allocation, it may contribute funding to projects in other lead entities in Puget Sound. The project which receives the contribution must be included on both lead entity's project lists (both the lead entity receiving the funding and the lead entity providing the funding). This ensures funding goes to those areas in need and responds to the yearly variations in project lists. RCO and the Partnership will not adjust a lead entity's allocation based on these contributions to other lead entities as has been done in the past. Instead, a lead entity must include the projects it would like to contribute funding toward on its own approved ranked list.

Provided in the table below is the allocation percentage by lead entity approved by the Puget Sound Salmon Recovery Council and Puget Sound Leadership Council.

Appendix B: Puget Sound Acquisition and Restoration Fund

WRIA	Recovery Units	Lead Entity	Allocation %
1	Nooksack	WRIA 1 Watershed Management Board	8.9
2	San Juan Islands	San Juan County Lead Entity for Salmon Recovery	3.8
3, 4	Skagit	Skagit Watershed Council	15.5
5	Stillaguamish	Stillaguamish River Salmon Recovery Co-Lead Entity	6.9
6	Island	Island County Lead Entity	3
7	Snohomish	Snohomish Basin Lead Entity	7.1
8	Lake Washington/ Cedar/ Sammamish	Lake Washington/Cedar/Sammamish Watershed (WRIA 8) Lead Entity	5.4
9	Green	Green, Duwamish, and Central Puget Sound Watershed (WRIA 9) Lead Entity	4.1
10, 12	Puyallup/White and Chambers/Clover	Pierce County Lead Entity	7
11	Nisqually	Nisqually River Salmon Recovery Lead Entity	5.2
13	Thurston	WRIA 13 Salmon Habitat Recovery Committee Lead Entity	2.4
14	Mason	WRIA 14 Salmon Habitat Recovery Committee Lead Entity	2.9
15	East Kitsap	West Sound Partners for Ecosystem Recovery	3.7
15, 16, 17	Hood Canal	Hood Canal Coordinating Council	9.7
17, 18, 19	Elwha-Dungeness- Strait	North Olympic Peninsula Lead Entity for Salmon	9
	Hood Canal summer chum	Hood Canal Coordinating Council	5.2

Project Eligibility: Design Requirements and Phased Projects

PSAR projects must meet the same eligibility requirements as SRFB projects described in Section 2 of this manual. In addition to the Request for Proposal criteria listed below, PSAR funding *must directly* support implementing capital projects.

For restoration projects (where sponsors request \$250,000 or more in funding) applicants are required to submit preliminary designs as part of their final applications.

Match

There is a 15 percent match required for PSAR regular projects except for design-only projects that request \$200,000 or less and are completed in 18 months. There is no set match requirement for PSAR large capital projects; however, projects that have match receive additional points during the scoring process dependent upon the amount of

match provided. A project may be funded with both SRFB and PSAR funds, however those funds may not be used as match to each other.

Funding Timeline

PSAR funds approved by the Legislature in 2021 must be spent by June 30, 2025. All projects must be under agreement within 180 days from the funding date. Construction should commence within 1 year of the funding date or the next available fish window.

Returned Funds

Regional Funds

If an approved PSAR regular project cannot be implemented due to a change in circumstances or is completed under budget within the allowable timeframe, funds will return as PSAR funds (not Pacific Coastal Salmon Recovery Funds) and used as follows:

- Within the same lead entity to another approved PSAR project, if it can be expended within the allowable timeframe (before funding expires). This re-allocation of funds must be approved through the lead entity approval process.
- Returned to the region to fund another lead entity requesting funds to complete an approved PSAR project.

Returned funds are made available to other lead entity projects on a first come, first serve basis. If the funds are not immediately needed by the project, an approved request will be placed on hold and other requests will receive priority. Any changes to scope or budget from the original returned fund request will require additional approval from the Partnership and RCO and will move the request to the bottom of the list.

For sponsors seeking returned funds, see the section below titled "Process for Cost Increases Using Returned Funds" to ensure project eligibility.

PSAR Large Capital Funds

If an approved large capital project cannot be implemented due to a change in circumstances or is completed under budget within the allowable timeframe, funds will return as PSAR funds (not SRFB or Pacific Coastal Salmon Recovery Funds) and used as follows:

1. For SRFB-approved PSAR large capital projects that still need additional funding or that have unanticipated cost increases.
 - A. All cost increase requests will need to go through the standard SRFB cost increase request process (see SRFB Amendment Request Authority Matrix).

Appendix B: Puget Sound Acquisition and Restoration Fund

- B. Return funds will be awarded to projects that can demonstrate the need for additional funds beginning with the highest ranked project in the approved PSAR large capital project list from the same biennium the return funds were generated from.
2. If all SRFB-approved large capital projects from the same biennium that the return funds came from do not need additional funds for completion, the return funds may then be applied as follows:
 - A. If the recovery council and Leadership Council have approved the next biennium's PSAR large capital project list, then the funds will be applied to those projects in rank order. Funds may be used to defray cost increases to those approved projects or to fund projects below the original funding line.
 - B. If the recovery council and Leadership Council have not yet approved the next biennium's large capital project list, then the funds may be applied to an approved PSAR regular project that is a high priority and urgently in need of additional funds.

In certain cases, the recovery council and Leadership Council may make an exception to this policy and also approve the use of large capital return funds for unanticipated cost increases to an approved PSAR regular project that is a high priority and urgently in need of additional funds or for a large capital project from a previous biennium.

Puget Sound Partnership staff will seek approval from the recovery council and Leadership Council about a proposed use of return funds. If any recovery council or Leadership Council member cannot accept the proposal, they may block it. If this occurs, Puget Sound Partnership staff will convene a meeting quickly to resolve the decision.

Process for Cost Increases Using Returned Funds

Cost overruns must receive Puget Sound Partnership and RCO approval and are subject to criteria outlined above. Project requests use the cost amendment process outlined in [Appendix I](#). The recovery council may recommend that the Leadership Council make any significant policy decisions regarding management of funds for the large capital list, similar to a lead entity citizen's committee decision-making authority for managing regular round funds in a lead entity prioritized project list.

If a lead entity cannot use returned funds within the allowable timeframe (see table below), these funds may pool into a Puget Sound regional fund to address cost increases for PSAR projects in areas where lead entities have no PSAR funds available to complete those projects. These regional funds will be limited to completing projects within their existing scopes, via a process described in detail below.

Appendix B: Puget Sound Acquisition and Restoration Fund

In all cases, cost increase requests must adhere to the SRFB amendment process and will use [Appendix I](#). Funding for cost increases for projects in Puget Sound lead entities will come from the following sources in the following order:

1. Unobligated PSAR funds from a lead entity. If the lead entity does not have any unobligated funds then,
2. Returned PSAR funds, which the Puget Sound Partnership controls. If the Puget Sound Partnership does not have any returned funds to disperse, then,
3. The sponsor may wait until returned funds are available or request a cost increase through the regular grant round process.

To request returned funds from the region, please complete the [Amendment Template](#) and provide it to the Partnership and the lead entity coordinator.

Projects that have any combination of PSAR funds must use PSAR funding for cost increases, and are not eligible for cost increases from SRFB (i.e. salmon state funding or salmon federal funding).

RCO developed a tool in PRISM that allows lead entities, the region, and others to track the disposition of PSAR funds in each watershed in real time. This tool will assist lead entities in determining the availability of returned funds and whether those funds may be applied to other PSAR projects in their watersheds.

All funds must be expended within 4 years of the date on which the funds were appropriated; the 2019-21 allocation, for example, must be expended by June 30, 2023 (see table below). Time extensions will be allowed on a case-by-case basis and must be approved by the Puget Sound Partnership and RCO. Funds not expended by lead entities within the allowable timeframe and via the processes described above will pool into a regional fund allocated by the Puget Sound Partnership, in coordination with RCO, for cost increases. The Partnership will allocate regional return funds to projects that meet the following criteria:

- On the watershed's 4-year work plan.
- Reviewed and approved by the SRFB and the lead entity.
- Accompanied with a detailed justification for cost increase (following standard SRFB amendment process).
- Time sensitive.
- Unable to pull funds from elsewhere to make up the difference.
- Lead entity has no additional money from the PSAR fund available.

[Approved policies](#) from the Puget Sound Partnership are on its Web site.

Appendix B: Puget Sound Acquisition and Restoration Fund

Biennium Initially Funded	2013-2015	2015-2017	2017-2019	2019-2021
Recipient of Returned Funds	Regular Funds: Puget Sound Partnership Large Capital Funds: Puget Sound Partnership	Regular Funds: Puget Sound Partnership Large Capital Funds: Puget Sound Partnership	Regular Funds: Lead Entity Large Capital Funds: Puget Sound Partnership	Regular Funds: Lead Entity Large Capital Funds: Puget Sound Partnership
Funds Expire June 30 of	2017	2019	2021	2023

All funds carrying over to subsequent biennia are subject to legislative approval.

Process for Requesting a Time Extension (PSAR Only)

Project sponsors should notify the RCO grants manager of any projected delays in meeting project milestones **as soon as possible**. Delays that affect the expected date of project completion require a time extension amendment to the contract. Extension requests must be in writing and provided to RCO no less than 60 days before expiration of the project's completion date. Only projects seeking time extensions *beyond the 4-year timeframe of funding* require approval by Partnership staff. Note that design projects without match are not eligible for time extensions and must be complete within 18 months of funding date.

Rapid Response Fund

The Puget Sound Partnership has created a fund for urgent and essential strategic habitat acquisitions within Puget Sound. Please note this funding source is **NOT** to support cost overruns or projects that will be funded in the current grant rounds.

View the Partnership's Web site for more information on the [Rapid Response Fund](#).