

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 \$300 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.

The 2023-2025 Biennium Funding

The Washington State Legislature approved a 2023-2025 capital budget in the 2023 session and funded PSAR at \$59,165,000. Previous funding levels have ranged from \$15 million to \$70 million. The purpose and intent of these funds is to accelerate implementation of the *Puget Sound Salmon Recovery Plan* and contribute to Puget Sound recovery.

The first \$30.6 million in funding is referred to as “PSAR regular round” funding, which includes capital project funding and funding for program costs. Regular round funding was awarded to projects in Puget Sound lead entities using a strategic allocation formula to advance projects that ensure that every watershed in Puget Sound makes significant progress toward recovery. Most projects funded with the 2023-25 funding went through the 2022 grant round. Funding received in excess of \$30.6 million was provided to PSAR large capital projects, which also were submitted in the 2022 grant round.

Process for 2025–2027 Funding

The PSAR program generally runs in even-numbered years, and in 2024 RCO will accept applications for 2025-2027 PSAR funding. This grant round will include the following steps:

1. **Set Allocations.** The Puget Sound Salmon Recovery Council and the SRFB approve the 2025-2027 PSAR fund allocation formula (see below).
2. **Submit and Review Projects.** Applicants should submit projects, both regular and large capital, according to the 2024 SRFB grant round timeline (see the grant schedule and the PSAR large capital request for proposal). PSAR projects must meet the same eligibility requirements as SRFB projects. Applicants may submit projects that request funds from both regular and large capital PSAR accounts (via the lead entities' ranked lists), *but the requests must add up to the total project costs in PRISM*. An applicant only needs to submit one application for a project requesting both large capital and regular PSAR funds, but should attach a reduced scope of work, budget, and set of deliverables should the project only receive partial funding. Applicants should submit only projects that may expend funds by June 30, 2029 (within four years of the funding date, anticipated to be July 1, 2025).
1. **Submit Project Lists:** Puget Sound lead entities will submit their ranked project lists using the PRISM ranked list tool. The Partnership will submit the ranked list for the large capital projects. All PSAR projects will be evaluated and prioritized using the same local process (which was approved by the Puget Sound Partnership Leadership Council) used for SRFB projects, including review by the SRFB Review Panel. Lead entities will submit ranked lists for the September 2024 meeting that include projects to be funded with SRFB and regular 2025-27 PSAR funds. Lead entities should include large capital projects on their lists if they are proposing to provide those projects with regular 2025-27 PSAR or SRFB funding. The Puget Sound Salmon Recovery Council will approve the 2025-27 PSAR large capital ranked project list before the September SRFB meeting. PSAR large capital projects also are approved through the Puget Sound Partnership Leadership Council.
2. **Approve Project Lists:** At the September board meeting, the SRFB will approve the following:
 - Ranked project lists for 2024 salmon recovery projects that are cleared or conditioned for funding.
 - 2025-2027 PSAR (both regular and large capital) projects conditioned upon securing a PSAR appropriation in the 2025-2027 biennial budget. Funding for projects will be available no earlier than July 1, 2025.

Role of the SRFB Review Panel

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

Allocation Method

The Puget Sound Salmon Recovery Council recommends, and the Puget Sound Leadership Council approves, allocation percentages that prioritize watersheds based on the National Oceanic and Atmospheric Administration’s 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 about \$30.6 million, inclusive of capital project funding and program costs. 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 that receives the contribution must be included on both lead entities’ 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.

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.

Lead Entity	Allocation Percentage
WRIA 1 Watershed Management Board	8.9 percent
San Juan County Lead Entity for Salmon Recovery	3.8 percent
Skagit Watershed Council Lead Entity	15.5 percent
Stillaguamish River Salmon Recovery Co-Lead Entity	6.9 percent
Island County Lead Entity	3 percent
Snohomish Basin Lead Entity	7.1 percent
Lake Washington/Cedar/Sammamish Watershed (WRIA 8) Lead Entity	5.4 percent
Green/Duwamish and Central Puget Sound Watershed (WRIA 9) Lead Entity	4.1 percent
Puyallup and Chambers Watershed Salmon Recovery Lead Entity	7 percent
Nisqually River Salmon Recovery Lead Entity	5.2 percent
WRIA 13 Salmon Habitat Recovery Committee Lead Entity	2.4 percent
Kennedy-Goldsborough Basin (WRIA 14) Salmon Recovery Lead Entity	2.9 percent
West Sound Partners for Ecosystem Recovery Lead Entity	3.7 percent
Hood Canal Coordinating Council Lead Entity	9.7 percent
North Olympic Peninsula Lead Entity for Salmon	9 percent

Lead Entity	Allocation Percentage
Hood Canal Coordinating Council Lead Entity	5.2 percent

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 referenced below, PSAR funding must directly support implementing capital projects.

For restoration projects (where sponsors request \$350,000 or more in funding that includes construction costs), applicants are required to submit preliminary designs as part of their final applications.

Match

There is a 15 percent match required for PSAR regular round projects except for design-only projects that request \$350,000 or less and are completed in two years. There is no set match level requirement for PSAR large capital projects; however, applicants are required to list other secured or not yet secured funding sources to document the true cost of the projects and to demonstrate leverage. A project may be funded with both SRFB and PSAR funds; however those funds may not be used as match to each other.

PSAR Large Capital Projects

In 2012, the Puget Sound Salmon Recovery Council adopted a new approach and process for allocating PSAR funds and this approach will continue to be applied this biennium. The first \$30.6 million of PSAR funds go to Puget Sound watershed projects by lead entity ranked list (PSAR regular round). Any funding above \$30.6 million funds a sequenced list of regional large capital projects approved by the Puget Sound Salmon Recovery Council, Leadership Council, and SRFB (large capital funds). Large capital project funding requests must exceed \$1 million *or* a watershed's entire PSAR allocation based on a \$30.6 million funding level, whichever the lesser amount.

Large capital projects will be funded down the ranked 2025-27 large capital project list in a similar way to a lead entity list. Funding will continue to move down the list for approved projects until all allocated funding is obligated.

For detailed information on the large capital program, including eligibility requirements, ranking criteria, and deadlines, see the Puget Sound Partnership's [website](#), or download the [Request for Proposals](#) approved by the Puget Sound Salmon Recovery Council.

Funding Timeline

PSAR funds approved by the Legislature in 2025 must be spent by June 30, 2029. All projects must be under agreement within 180 days from the funding date. Construction should begin within one 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 “Process for Cost Increases Using Returned Funds” below 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:

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

- 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 then may be applied as follows:
 - If the Puget Sound Salmon 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.
 - If the Puget Sound Salmon 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 Puget Sound Salmon 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 Puget Sound Salmon Recovery Council and Leadership Council about a proposed use of return funds. A recovery council or Leadership Council member who cannot accept the proposal 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 Puget Sound Salmon 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, 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.

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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. SRFB cost increase funds, which RCO manages. If RCO does not have any cost increase funds to disperse, or does not approve the request due to its size, then,
4. 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.

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 four years from the date the funds were appropriated; the 2023-25 allocation, for example, must be expended by June 30, 2027. 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 four-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 website.

Process for Requesting a Time Extension (PSAR Only)

Sponsors of PSAR projects needing time extensions should notify the RCO grants manager of any projected delays in meeting project milestones as soon as possible. If the project completion date will be missed, the sponsor must request a time extension amendment to the contract by sending a written request to RCO no less than sixty days before the project's completion date. A sponsor only needs Partnership staff approval when seeking to extend a project past *the four-year time limit*. Note that design projects without match are not eligible for time extensions and must be complete within twenty-four months of funding date.

Rapid Response Fund

The Puget Sound Partnership has created a fund for urgent and essential strategic habitat acquisitions within the Puget Sound region. 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 website for more information on the [Rapid Response Fund](#).