

Appendix B:

Puget Sound Acquisition and Restoration Fund

The Legislature created the Puget Sound Acquisition and Restoration (PSAR) program in 2007 to help implement the most important habitat protection and restoration priorities for Puget Sound. The program is intended to accelerate implementation of the *Puget Sound Salmon Recovery Plan* and contribute to Puget Sound recovery. Funding is appropriated by the Legislature, allocated through the SRFB, and jointly managed by the Puget Sound Partnership and RCO. Since inception, it has invested millions in projects and has helped develop and sustain a system of partners working towards salmon recovery targets within their communities. The Partnership works with fifteen local lead entities to identify and prioritize projects.

Biennial Funding

Each biennium, the Puget Sound Salmon Recovery Council awards the first \$30.6 million in funding to Puget Sound lead entities using an allocation formula to advance projects that ensure that every watershed in Puget Sound makes significant progress toward recovery. The first \$30.6 million is referred to as “PSAR regular round” funding, which includes capital project funding and funding for program costs. Most projects funded with PSAR regular round funding are submitted and reviewed through the SRFB grant round in even years and pre-approved by the SRFB in September ahead of the legislative session.

The Puget Sound Salmon Recovery Council will award funding in excess of \$30.6 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 propose these large capital projects through the same process as PSAR regular round in even years. Lead entities and the SRFB Review Panel evaluate the large capital projects, and a panel of experts rank and prioritize the projects. The Puget Sound Salmon Recovery Council reviews and provides funding recommendations, and the Puget Sound Leadership Council approves the ranked list. For the 2025-2027 biennium, the SRFB pre-approved

the final list of PSAR regular and PSAR large capital projects in September 2024. Grants will be awarded after the Legislature adopts a budget.

Process

This grant round may include some projects proposed for PSAR regular round funding that was unallocated in September but may not include any new projects proposed for PSAR large capital funding. Grant applications will be accepted in 2026 for 2027-29 biennium funding.

Role of the SRFB Review Panel

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

Allocation Method

The Puget Sound Salmon Recovery Council recommended, and the Puget Sound Leadership Council approved, 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
Green/Duwamish and Central Puget Sound Watershed (WRIA 9) Lead Entity	4.1 percent
Hood Canal Coordinating Council Lead Entity ¹	14.9 percent
Island County Lead Entity	3 percent
Kennedy-Goldsborough Basin (WRIA 14) Salmon Recovery Lead Entity	2.9 percent

¹Hood Canal Summer Chum Evolutionarily Significant Unit receives 5 percent of the total PSAR capital funds.

Lead Entity	Allocation Percentage
Lake Washington/Cedar/Sammamish Watershed (WRIA 8) Lead Entity	5.4 percent
Nisqually River Salmon Recovery Lead Entity	5.2 percent
North Olympic Peninsula Lead Entity for Salmon	9 percent
Puyallup and Chambers Watershed Salmon Recovery Lead Entity	7 percent
San Juan County Lead Entity for Salmon Recovery	3.8 percent
Skagit Watershed Council Lead Entity	15.5 percent
Snohomish Basin Lead Entity	7.1 percent
Stillaguamish River Salmon Recovery Co-Lead Entity	6.9 percent
West Sound Partners for Ecosystem Recovery Lead Entity	3.7 percent
WRIA 1 Watershed Management Board	8.9 percent
WRIA 13 Salmon Habitat Recovery Lead Entity	2.4 percent

Project Eligibility

A PSAR project must meet the same eligibility requirements as a SRFB project described in [Section 2](#) of this manual. In addition to the Request for Proposal criteria referenced below, PSAR funding must directly support implementing a capital project.

Design Requirements

For a restoration project (where an applicant requests \$350,000 or more including construction costs), the applicant is required to submit a completed preliminary design (as defined in appendix D) as part of the final application and ideally before the initial site visit.

Match

Generally, match is not required for any PSAR project. Match may be required for certain riparian projects and certain acquisition projects (see “Matching Share” in section 2). A project may be funded with both SRFB and PSAR funds; however, those funds may not be used as match to each other. The applicant must include outside sources of funding in the cost estimate attached to PRISM. A successful applicant will not be required to document outside funding in bills but will be required to document outside funding in the final report.

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 if it 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 they 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 a sponsor 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 if it 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:

- o 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.
- o 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 the process 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.

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,
1. 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)

The sponsor of a PSAR project needing a time extension 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 a design project without match is 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 in 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](#).