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 $250 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.

This Biennium’s Funding

The Washington State Legislature allotted PSAR $52,807,000. Previous funding levels have ranged from $15 million to $70 million. The purpose and intent of these funds are to accelerate implementation of the Puget Sound Salmon Recovery Plan and contribute to Puget Sound recovery.

Projects may be proposed to the SRFB with a combination of both PSAR funding and state or federal funding as long as they are not used to match each other. PRISM will track each fund separately to ensure that the SRFB and partners can account for the use of the funds.

Process

The project review process will be conducted during the annual SRFB grant round, and will include the following elements:

- **Set Allocations:** The Puget Sound Salmon Recovery Council and the SRFB approve the PSAR fund allocation formula (see below).
• **Submit and Review Projects:** Applicants should submit projects, both regular and large capital, according to the SRFB grant schedule (see the grant schedule and the PSAR large capital request for proposals). 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 list), 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 receive only partial funding. Applicants should submit only projects that may expend funds by June 30, 2027 (within 4 years of the funding date, anticipated to be July 2023).

• **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 regular round 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. PSAR large capital projects are evaluated and prioritized by a regional review panel and reviewed by the SRFB Review Panel. Lead entities will submit ranked lists for the September 2022 meeting that include projects to be funded with SRFB and regular 2023-25 PSAR funds. Lead entities need to include large capital projects on their lists ONLY if they are proposing to provide those projects with regular 2023-25 PSAR or SRFB funding.

• **Approve Project Lists:** At the September board meeting, the SRFB will approve funding for the following:
  - Ranked project lists for 2022 SRFB projects that are cleared or conditioned for funding.
  - 2023-25 PSAR (both regular and large capital) projects that are pre-approved pending a PSAR appropriation in the 2023-25 biennial budget.

The Puget Sound Salmon Recovery Council approves the 2023-25 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.

**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 NOAA 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 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.

The lead entity should notify RCO and the Partnership if the 2022 project list includes alternates that will apply towards 2 years of funding (current 2022 SRFB and 2023-2025 PSAR; and 2023 SRFB). The Salmon Recovery Council will review the submitted lists and funding totals for lead entities and the submitted large capital projects. The Salmon Recovery Council retains the authority to adjust the base PSAR amount of the budget request or adjust how much is allocated to each watershed to ensure the greatest number of high-priority, ready-to-go projects are included in the funding request to the State.

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.

Remaining funding above the base amount set by the Puget Sound Salmon Recovery Council will be obligated to the 2023-25 PSAR large capital projects ranked by the Puget Sound Salmon Recovery Council. These regionally ranked projects are subject to local vetting by the lead entity committees, regional independent technical review, and SRFB Review Panel. This regionally ranked list will have gone successfully through the steps in the SRFB funding process and will have been pre-approved by the Puget Sound Salmon Recovery Council, Puget Sound Leadership Council, and the SRFB for funding beginning July 1, 2023 if funds are made available by the State.

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.
## Water Resource Inventory Area

<table>
<thead>
<tr>
<th>Water Resource Inventory Area</th>
<th>Recovery Plan Chapter or Unit</th>
<th>Lead Entity</th>
<th>Allocation Percentage</th>
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<tr>
<td>1</td>
<td>Nooksack</td>
<td>WRIA 1 Watershed Management Board</td>
<td>8.9</td>
</tr>
<tr>
<td>2</td>
<td>San Juan Islands</td>
<td>San Juan County Lead Entity for Salmon Recovery</td>
<td>3.8</td>
</tr>
<tr>
<td>3, 4</td>
<td>Skagit</td>
<td>Skagit Watershed Council Lead Entity</td>
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<tr>
<td>5</td>
<td>Stillaguamish</td>
<td>Stillaguamish River Salmon Recovery Co-Lead Entity</td>
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<tr>
<td>6</td>
<td>Island</td>
<td>Island County Lead Entity</td>
<td>3</td>
</tr>
<tr>
<td>7</td>
<td>Snohomish</td>
<td>Snohomish Basin Lead Entity</td>
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<tr>
<td>8</td>
<td>Lake Washington/Cedar/Sammamish</td>
<td>Lake Washington/Cedar/Sammamish Watershed (WRIA 8) Lead Entity</td>
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<td>Green</td>
<td>Green/Duwamish and Central Puget Sound Watershed (WRIA 9) Lead Entity</td>
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<td>Puyallup/White and Chambers/Clover</td>
<td>Puyallup and Chambers Watershed Salmon Recovery Lead Entity</td>
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<td>WRIA 13 Salmon Habitat Recovery Committee Lead Entity</td>
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<td>Mason</td>
<td>Kennedy-Goldsborough Basin (WRIA 14) Salmon Recovery Lead Entity</td>
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<td>East Kitsap</td>
<td>West Sound Partners for Ecosystem Recovery Lead Entity</td>
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<td>15, 16, 17</td>
<td>Hood Canal</td>
<td>Hood Canal Coordinating Council Lead Entity</td>
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<td>17, 18, 19</td>
<td>Elwha-Dungeness-Strait</td>
<td>North Olympic Peninsula Lead Entity for Salmon</td>
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</tr>
<tr>
<td></td>
<td>Hood Canal summer chum</td>
<td>Hood Canal Coordinating Council Lead Entity</td>
<td>5.2</td>
</tr>
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### 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 $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 level requirement for PSAR large capital projects. 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 million of PSAR funds go to Puget Sound watershed projects by lead entity ranked list (PSAR regular round). Any funding above $30 million funds a sequenced list of regional, large capital projects approved by the 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 million funding level, whichever the lesser amount.

Large capital projects will be funded down the ranked 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 Web site, or download the Request for Proposals approved by the Puget Sound Salmon Recovery Council.

**Funding Timeline**

PSAR funds approved by the Legislature in 2023 must be spent by June 30, 2023. 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 reallocation 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.
  
  o All cost increase requests must go through the standard SRFB cost increase request process (see SRFB Amendment Request Authority Matrix).

  o 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 may then be applied as follows:
  
  o 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.

  o 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.
Appendix B: Puget Sound Acquisition and Restoration Fund

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, 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.

2. Returned PSAR funds, which the Puget Sound Partnership controls. If the Puget Sound Partnership does not have any returned funds to disperse, then, 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 from the date the funds were appropriated; the 2021-23 allocation, for example, must be expended by June 30, 2025. 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.

**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 60 days before the project’s completion date. Sponsors only need Partnership staff approval when seeking to extend a project past the 4-year time limit. 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 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 Web site for more information on the Rapid Response Fund.