

FY2016 Local Integrating Organization Priority NTA Funding Process

7/27/16

The following process reflects the July 7, 2016 discussion between Lead Integrating Organizations (LIOs), the Strategic Initiative Leads (SI Leads), and the Puget Sound Partnership (PSP). The approach is considered a work in progress that may change over time and in accordance with mutually agreeable standards.

Starting in FY2016, the Environmental Protection Agency (EPA) anticipates that approximately \$100,000 will be available per LIO annually via this mechanism. Assuming Puget Sound appropriation levels remain steady, this could potentially mean that each LIO will be able to plan on approximately \$500,000 towards implementation of LIO priority NTA(s) over the next five years. This initial funding does not limit other opportunities for LIO to have other priority NTAs funded by SI Leads, either directly or through a competitive solicitation.

Purpose of the Funding Strategy

The SI Leads are proposing a process that will foster the active involvement of Local Integrating Organizations (LIOs) in Puget Sound recovery. This will be accomplished by providing LIOs with a predictable level of funding to support local priorities that contribute to regional Puget Sound recovery by enabling LIOs to identify their priority Near Term Actions (NTAs) for direct funding.

Criteria Used to Select Priority NTAs

The funding parameters that will be used to approve priority NTAs are set forth by the EPA in the July 13th, 2016 [Guidance to Strategic Initiative leads for the Implementation of the Action Agenda and Funding of Activities](#), Section III, “Factors to consider when Identifying Activities to be Funded with Puget Sound Geographic Funds” (listed on pg. 4 of this document).

The process of funding LIO priority NTA’s will be reviewed by the SI Leads with the LIOs after the first round of funding (2016-17) for improvement or revision in the future.

Each LIO will be able to plan for \$100,000 per year to support a priority NTA in their local area. When prioritizing an NTA for direct funding LIOs should use EPA’s “Puget Sound Factors to Consider” (pg. 4), to inform their selection. NTAs must have the following characteristics:

- Be an existing, ranked NTA within the 2016 Action Agenda
- Meet technical standards necessary to establish identifiable outputs and projected outcomes
- Meet all the same requirements as any other NTA funded by the SI Leads

Once a candidate NTA has been identified by the LIO, the relevant SI Lead will work with the NTA owner to refine the proposed NTA and develop a work plan, budget, and schedule.

Options to Elect Direct Funding of Eligible NTAs

LIOs may choose from the following three options for the direct funding of eligible LIO identified priority NTAs:

- **Option 1/Implementation:** Fund one NTA that needs up to \$100,000 to be implemented
- **Option 2/Phased Increment:** Fund one NTA that can be phased and incrementally funded over the course of a few years using each year's \$100,000 allotment (i.e. Phase 1 (2016-17) = \$100,000, Phase 2 (2017-18) = \$100,000).
- **Option 3/Pooled NTAs:** Teams of LIOs can recommend jointly funding one NTA by pooling each of their \$100,000.

Funding Decision Process

The following outlines a step-by-step description of a DRAFT process for LIOs to identify their priority NTA for direct funding.

1. **By or before August 29th 2016** each LIO identifies which Strategic Initiative (Stormwater, Habitat, or Shellfish) they anticipate their priority NTA aligning with and notifies the appropriate SI Lead and the LIO's Ecosystem Recovery Coordinator at the Puget Sound Partnership by filling out the [LIO Preliminary SI Selection Box Note](#).

Strategic Initiative	Contact	Email address
Habitat	Matt Goehring	matt.goehring@dnr.wa.gov
Stormwater	Derek Day	dday461@ecy.wa.gov
Shellfish	Emily Sanford	emily.sanford@doh.wa.gov

Why is it important that the LIOs identify which Strategic Initiative they foresee the priority NTAs aligning with? Having early signals from the LIOs regarding anticipated alignment with NTA Strategic Initiatives will enable the SI Leads and their respective Strategic Initiative Advisory Teams (SIATs) to estimate how much of their respective budget should be allocated to supporting LIO prioritized NTAs prior to developing a broader regional sub-award package.

2. Optional discussions/early LIO priority setting: The SI Leads recognize that earlier integration of LIO's perspectives and insights and their NTA priorities will strengthen SI lead funding decisions. This will help reconcile the fact that the Action Agenda NTA ranking process did not consider any 'local priority' criteria, and allow the SI leads to consider local priorities when making funding decisions. However, the SI Lead teams also understand that the LIO community may be concerned that their ability to make fully informed decisions may be diminished by identifying projects early in the process before the funding recommendations have been relayed from each Advisory Team. As a result, two models are being proposed in order to enable the LIOs to select the approach they believe works best for their needs. **Each LIO may select only one of the models.** LIOs should notify the SI Lead and the LIO's Ecosystem Recovery Coordinator at the Puget Sound Partnership of their priority NTAs for direct funding

via email by the applicable deadlines. As noted previously this process will be reviewed after the first round of funding (2016-17) for improvement or revision in the future.

Model 1: LIOs submit their priority NTA prior to the SI Leads releasing the Advisory Team funding recommendations on **November 10, 2016**. If interested, this process and discussion should be initiated by the LIOs and communicated to the relevant SI Leads and the LIO's Ecosystem Recovery Coordinator via email no later than November 1, 2016. If an LIO selects to do this, the SI Lead could:

- Select and get the direct funding for the LIO priority NTA negotiated and under contract earlier
- Allow LIOs to negotiate direct funding of one additional NTA project up to \$100,000 should their first choice of directed projects be incorporated into the annual funding package

Model 2: By November 29, 2016 LIOs identify their priority NTA for direct funding and notify the SI Lead, cc'd with the LIO's respective Ecosystem Recovery Coordinator. This is ten working days after the Advisory Teams have released their sub award funding package recommendations.

The Advisory Team funding recommendations (along with the LIO identified priority NTAs if applicable) will both be presented to the Leadership Council and the Tribal Management Conference in early December for review and comment.

Questions & Answers

Q: What additional information will SI leads, SIATs and/or LIOs need to make their strategic decisions and define their funding packages?

A: The SI Leads and LIO Coordinators discussed opportunities for developing a shared understanding of local priorities. Building relationships between SI Leads and LIOs will be critical in synergizing local and regional level restoration goals and pathways for a multi-scale, adaptive Action Agenda.

Q: If an LIO prioritized an NTA that was only \$75,000 can they “bank” 25k for use in future fiscal years?

A: No.

Q: Can LIOs recommend a funding package for the \$100,000 that funds or partially funds more than one NTA?

A: Possibly, at the discretion of each SI lead. If an LIO chooses to propose this option, they should initiate contact with the relevant SI Lead as soon as possible.

Q: If LIOs identify the SI from which they will select a project (Habitat, Shellfish, or Stormwater), will they be bound to select a project from that identified SI?

A: No. The 8/29 SI choice notification will inform planning and should be a good faith effort, but it is non-binding.

Q: How will LIOs be notified of funding recommendations?

A: Funding recommendations will be posted on the [Strategic Initiative Leads Page](#) on November 10, 2016.

Factors to Consider when Identifying Activities to be Funded with Puget Sound Geographic Funds

Puget Sound Geographic Funds must be used to implement NTAs identified in the 2016 CCMP/Action Agenda or critical gaps identified as important to environmental outcomes as expressed in the CCMP. An important element of the new funding model is that Puget Sound Geographic funds may be directly awarded to NTA owners in some situations without further competition. Awarding of Puget Sound Geographic Funds must consider the ranking of the NTAs and/or the relationship of the NTAs to a critical path within an Implementation Strategy if developed. Should SI Leads diverge from NTA rankings in their funding decisions, they must provide justification on the basis for those decisions. However, given the flexibility of Puget Sound Geographic Funds, other factors could be considered in order to maximize the best use of these funds. Importantly, the NTAs were not scored and ranked for the purpose of a Puget Sound Geographic Fund final funding list. As such, use of additional criteria to guide investment decision is warranted. The following are factors to assist in such analyses, with the first two factors being considered as most important, while the remainder are in no particular order:

1. **Ranking**: NTA Rankings are to be used as a place to start. As SIATs and SI Leads make their way down the ranked lists, they can use the additional guidance to work through their decisions, and to identify lower ranked NTAs that might be important, or even critical, to fund over higher ranked NTAs.
 2. **Relationship to critical/priority path in Implementation Strategy** (NOTE: This was not considered during the NTA scoring process): To the extent possible, fund NTAs next in the sequence along an Implementation Strategy critical/priority path as these become developed and refined. This factor could also cover activities, such as science and monitoring, which are necessary to inform a body of work. Ultimately, Implementation Strategies should provide a clear and credible justification for most funding decisions related to Puget Sound recovery.
- **Activities for which other sources of funding do not exist or do exist**: With the flexibility of Clean Water Act (CWA) Section 320 funds, funds can be used for activities to address gaps to achieve environmental outcomes as expressed in the CCMP. Please note however, if funding recommendation includes gap funding (e.g. actions not addressed by NTAs evident in the ranked list) the SIAT and SI Leads should prepare justification supporting the variance. Conversely, in some cases a project may not be funded with Puget Sound Geographic Funds because there is already dedicated or ample funding for that activity (e.g., stormwater capital projects).
 - **Synergistic Opportunities** (e.g., between NTAs; between salmon recovery projects; with ongoing programs): During scoring it was noted that there were NTAs that seemed to go together in that they would add up to greater than the sum of their parts. Looking down the list for these opportunities for lower ranked NTAs that might result in a greater outcome for a higher ranked NTA would be worthwhile. Another possible area

to explore would be to identify NTAs for funding that are, in some way, synergistic with salmon recovery projects that have been completed, in progress, or planned.

- Bang for the buck/cost effective for results: Where would an investment of the same amount of money bring the greater gains in environmental outcomes towards vital sign targets? For example, if two NTAs cost approximately the same but one that was ranked lower resulted in the recovery of 500 acres of shellfish beds vs. one highly ranked that resulted in 50 acres, this should be considered. Cost effectiveness among differently ranked NTAs should be considered.
- Pilot/Priming/Planning investments that can be replicated or expanded with other sources of funding if successful (e.g., Floodplains by Design): This would be especially important to consider if other sources of funding were identified that could be leveraged with the EPA investment. Some of the pre-work for expensive capital projects come to mind.
- Agency directives from Congress/OMB/ EPA initiatives: These could include coordinated investment and Treaty Rights at Risk (TRAR), and EPA initiatives/priorities, such as climate change, riparian protection and restoration, and should be referred to when making funding decisions.
- Priority science and monitoring needs identified in the Biennial Science Work Plan as these support developed Implementation Strategies and related Vital Sign environmental outcomes.
- Significant gaps in necessary activities to move recovery forward. *If included in funding recommendation but not part of the ranked NTA list, the SIAT and SI Leads should prepare justification supporting the variance.*