



2017 GUIDANCE TO STRATEGIC INITIATIVE LEADS

For the

Implementation of the 2016 Action Agenda and Funding of Activities

April 13, 2017

Revised version of 2016 guidance that reflects Leadership Council recommendations and lessons learned from the process in 2016.

Purpose of this document: EPA Region 10 has compiled this document to provide information to guide funding decisions and processes led by the three Strategic Initiative Leads engaged in Puget Sound work.

Objective: Funding decisions made by the Strategic Initiative Leads, and associated processes led by Strategic Initiative Leads, will be to implement the 2016 Puget Sound Action Agenda in a manner that is efficient, effective, transparent and well understood.

I. Background

A new EPA Puget Sound funding model was initiated in 2015 to better align investments with the Strategic Initiatives and Vital Signs in the Action Agenda, to address various interests of stakeholders, and to improve on the Lead Organization model used to administer EPA Puget Sound Geographic Funds in previous years. The new model is currently being implemented. As part of the new model, a competition was held to select the organizations that would serve as Strategic Initiative (SI) Leads. The Strategic Initiative Leads are:

- Stormwater: Washington State Department of Ecology, with Commerce and WSU Stormwater Center
- Shellfish: Washington Department of Health, with the Washington State Department of Agriculture and Ecology
- Habitat: Washington Department of Fish and Wildlife, with the Washington Department of Natural Resources.

Strategic Initiative Leads will convene both long-standing Strategic Initiative Advisory Teams (SIATs), and shorter term work groups that develop and adaptively manage Implementation Strategies. A key task of the Strategic Initiative Advisory Teams is to provide input to the SI Leads to inform Puget Sound Geographic Funds funding decisions. The SI Leads will make final decisions based primarily upon these recommendations.

II. Funding Decision Process

The following is a framework which describes the approach for Strategic Initiative Leads to develop subaward packages to be funded with Puget Sound Geographic Funds each year. For the 2016 Action Agenda, it is important to note that the list of NTAs was not developed or ranked with the intent of being a final funding list per se, nor was the list of NTAs intended to be solely funded by Puget Sound Geographic Funds. Many NTAs and associated activities are more appropriately funded by other sources.

- Note: While the Action Agenda ranking of NTAs should be considered by SI Leads and SIATs, this is one of several factors used to determine a project's alignment with NEP grant funds. NEP funding is not bound to funding based on the ranking in the Action Agenda.
- SI Leads/SIATs should justify their FY2017 funding recommendations based on the criteria in this EPA funding guidance, not (solely) based on the Action Agenda NTA ranking.
- For FY2017, SI Leads/SIATs should develop a funding package that includes funds from the first incremental round of funding AND an approximate amount of funding anticipated from the second incremental round of funding. In this way, only one round of review and input will be necessary for FY2017.

It is important to note that each SI Lead has some flexibility to adapt the funding framework to the individual SI Lead circumstances necessary to achieve the best possible outcomes.

1. The Strategic Initiative (SI) Leads assemble the Strategic Initiative Advisory Teams (SIATs) to develop funding recommendations for, and in collaboration with, the SI Leads.
2. The SIATs and SI Leads review the lists of Near Term Actions (NTAs) within the 2016 Action Agenda adopted by the Leadership Council and conditionally approved by EPA as the Comprehensive Conservation and Management Plan (CCMP) under the authority of the National Estuary Program.
3. The SIATs and SI Leads review the additional factors in Section III of this document to guide and inform the selection of activities from the list of Action Agenda NTAs for potential funding with Puget Sound Geographic Funds. The SIATs and SI Leads approach their work with the goal of identifying the activities and their sequence that can contribute most strategically over the next two years to achieving the Puget Sound recovery goals published in the Action Agenda.
4. The SIATs and SI Leads analyze the NTAs to determine if there are significant gaps that need to be addressed in order to approach Puget Sound recovery more strategically and effectively. SIATs and SI Leads may fund gaps with their allocation.
5. EPA recommends that the SIATs and SI Leads, in their assessment of NTAs for possible funding, consider additional information such as:
 - a. Lessons learned from the Lead Organizations involved in the previous EPA funding model.
 - b. Information available on previously funded work that is similar or related to current NTAs. This could include the success of the activity in contributing to recovery goals, and evaluation of the activity sponsor's ability to meet stated objectives.
 - c. Information about the history of an activity (e.g., other phases).
 - d. Cross-cutting issues which have potential benefit or impact to other NTAs that fit under different strategic initiative areas of work.
 - e. Activities that may be more appropriately funded through other sources.
 - f. Similar activities that could be combined.
 - g. Sequencing of activities to achieve better outcomes.
 - h. Climate impacts, effectiveness monitoring, and status and trends monitoring.
6. The SIATs make formal funding package recommendations to their respective SI Leads. This should include justifications for NTA selection based on the factors in the funding guidance. The details of this process may differ across the SI Leads. For example, an SI Lead may opt for a highly collaborative process between the SIATs and the SI Lead that culminates in a draft funding list that is owned by both groups. Another SI Lead may choose to take a more hands off approach and allow their SIATs to work more independently to produce a recommendation. **Ultimately, it is EPA's goal that all SI Leads focus most closely on identifying priority Puget Sound Geographic Funding pathways through the use of Implementation Strategies as a structured decision-making tool.**

7. The SI Leads review the SIAT recommendations, and confer with others as necessary (e.g., SIAT members, subject matter experts, agency management, etc.) and determine if they agree with the recommendations.
8. The SI Leads share these recommendations with the Leadership Council and the Tribal Management Conference (TMC). Once this has occurred, the Leadership Council and the Tribal Management Conference have three weeks to provide overarching feedback to the SI Leads on the funding package recommendations. SI Leads are under no obligation to respond prior to making a final decision on the funding package for the current federal fiscal year.
9. After receiving feedback from the LC and TMC, the SI Leads have two or three weeks to produce final funding decisions.
10. EPA SI Lead Project Officers review the SI Lead's development and content of the funding package from a grant's terms and conditions perspective. (For example, EPA must ensure that policies related to anti-lobbying are adhered to by the SI Leads and their subawardees.)
11. SI Leads transmit funding packages and supporting information to the NEP Management Conference and the Tribal Management Conference.
12. SI Leads begin to negotiate subawards with NTA owners, develop RFPs to fill identified gaps, put in place sole source contracts, etc. EPA Project Officers will review the workplans for adherence to the terms and conditions, and will provide oversight of primary award recipients to ensure that subawards are being adequately monitored and managed.

III. 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. All NTAs vetted and ranked within the 2016 Action Agenda are considered to have met the competition requirements for EPA Geographic Funds eligibility.

Importantly, the NTAs were not scored and ranked for the purpose of a Puget Sound Geographic Fund funding list. Should SI Leads diverge from NTA rankings in their funding decisions, they must provide justification on the basis for those decisions. The flexibility of Puget Sound Geographic Funds, other factors beyond Action Agenda ranking should be considered in order to maximize the best use of these funds. As such, use of additional criteria to guide investment decision is warranted. The following are factors to assist in such analyses for FY2017, 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. This could also include needs identified to improve, manage, or operationalize Implementation Strategies. 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).
 - **Cross-Cutting and Synergistic Opportunities (per recommendation from the Leadership Council)** (e.g., between NTAs; between salmon recovery projects; with ongoing programs): During scoring it was noted that there were NTAs that seemed closely related 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 (as documented in the 2016 Action Agenda). If included in funding recommendation but not part of the ranked NTA list, the SIAT and SI Leads should prepare justification supporting the variance.
- Non-capital projects (or elements of projects) that have fewer dedicated funding sources (per recommendation from the Leadership Council). Examples include science, monitoring, education, behavior change.

IV. Additional Local Integrating Organization Subawards

To address the importance that Local Integrating Organizations (LIOs) have a predictable level of funding awarded to support some of the local priorities that contribute to regional recovery, the Strategic Initiative Leads will coordinate on a process that would give LIOs the opportunity to identify their priority NTAs for direct funding within the constraints of the Puget Sound geographic funding allocated for this use. The proposed NTAs will have to meet all of the established criteria for funding NTAs, including the technical standards necessary to establish identifiable outputs and projected outcomes, and a clear connection to regional outcomes (i.e., Vital Signs). They must also be allowable under CWA 320 and National Estuary Program funding authorities.

Strategic Initiative Leads will work with LIOs to refine the proposed NTAs and develop a work plan, budget, and schedule. NTA final funding decisions are subject to SI lead discretion. EPA anticipates that approximately \$100,000 per LIO per year will be available via this mechanism. In the interest of administrative efficiency, EPA recommends that LIOs be limited to the funding of one NTA each, which can be incrementally funded moving forward (i.e., phased funding of one activity over more than one year). EPA defers to the Strategic Initiative Leads on the funding of these subawards, and supports their decisions. Subsequent funding is dependent upon Puget Sound appropriation levels.

EPA expects that FY2017 funds will be split into two allocations. LIO-priority \$100,000 project allocations will come from the second (summer/fall) incremental funding installment if and when it is available.