



HOW DO WE RECOVER PUGET SOUND
TO HEALTH?

FUNDING STRATEGY

Action Agenda Funding Strategy

FS1. Develop and secure stable and diverse funding sources of funding to implement Action Agenda priorities.

In order to achieve the recovery of Puget Sound by 2020, increased financial capacity to implement priority ongoing and new actions in the Action Agenda is required. Increased capacity can be achieved through new sources of funding, using existing funding more strategically and efficiently, and through the development of innovative, market-based programs.

Federal, state, local and tribal governments currently generate a significant portion of the money being spent on recovery efforts. Other significant sources of funding include private foundations, businesses and individuals. Several market-based mechanisms to achieve recovery goals are also being experimented with in the Puget Sound region; these include transfer of development rights programs, ecosystem services markets, and in-lieu-fee compensatory mitigation programs.

FS1.1 Maintain and enhance federal funding for implementation of Action Agenda priorities.

The federal government provides a significant source of funding for implementation of priorities in the Action Agenda. This is accomplished through direct funding of federal agencies to engage in protection and restoration activities, sub awards and grants to support the work of non-federal partners, including PSP, state agencies and others.

Ongoing Programs

- Engagement in annual budget development and appropriation process to maintain funding levels for important Puget Sound related programs including the EPA Geographic Programs for Puget Sound, National Estuary Program Base Grants, NOAA Communities Partnership grants,

Recovery actions, both ongoing and new, need funding. Those working on specific issue and program areas covered by the Action Agenda have identified the need for more, stable, and even dedicated sources of funding unique to their interest. Examples include, but are not limited to salmon recovery including watershed groups, Soundwide stewardship, outreach and behavior change, stormwater control and invasive species prevention and eradication, and SoundCorps.

Local Strategies

Developing a strategic funding proposal for habitat restoration and protection priorities is a priority strategy in the South Central area.

NOAA Pacific Salmon Recovery Fund, and programs administered by USFWS, USGS, NPS, Coast Guard, DOD entities, USFS, NRCS, FEMA, FHA, FTA, and other federal agencies who lead work related to Puget Sound recovery.

- Annual federal funding prioritization process with state agencies.
- The completion of the Puget Sound Nearshore Ecosystem Restoration Project's General Investigation in preparation for a Water Resources Development Act reauthorization process.
- Maintain focus on passage of the Puget Sound Recovery Act.

SALMON RECOVERY

Salmon Recovery Plan priorities: When the Chinook Plan was completed in 2005 the estimated annual investment for the first ten years was \$130 million for Chinook and Bull Trout for capital and some non-capital actions. The investment rate has consistently been less than half of this estimated need. The Summer Chum plan also estimated a need of \$130 million for the first ten years for capital and non-capital actions.

Integration: The investment rate has consistently been less than half of the estimated need. [More here about the specific fund needs and how these are integrated into this section.](#)

FS1.2 Focus federal agency budgets and national programs on Action Agenda priorities.

Federal agencies have many existing programs that are funded on an annual basis that could be focused on implementation of priorities in the Action Agenda. Creating a focus for this type of program on Puget Sound recovery actions could direct existing funds for national programs in this region without the need for increasing funding through an act of Congress.

Ongoing Programs

- Annual federal funding prioritization process with state agencies
- Recommendations to federal agencies for priority actions to include in federal agency budget requests focusing on EPA, Department of Interior agencies, NMFS, NRCS, U.S Forest Service, the Army Corps of Engineers, and Department of Defense.

FS1.3 Maintain, enhance, and focus state funding for implementation of Action Agenda priorities.

Significant portions of state natural resource agency budgets are directed to implementation of priorities in the Action Agenda. PSP is required by statute to review state agencies' budgets and make recommendations, if necessary, to align budgets with priorities in the Action Agenda. In addition, the state makes significant annual investments in capital projects that contribute to Puget Sound recovery including wastewater treatment plants, stormwater retrofits, and salmon habitat restoration and protection projects.

Ongoing Programs

- Implementation of statutory requirements by PSP including:
 - Aligning and prioritizing state agency budget requests and proposed cuts with priorities in the Action Agenda for use by OFM and the legislature.
 - Alignment of grant criteria and project selection with priorities in the Action Agenda.
- Work with state agencies to develop natural resource agency budget proposals, based on priorities in the Action Agenda.

FS1.4 Maintain and enhance local funding for implementation of Action Agenda priorities.

Local governments and special purpose districts account for a significant portion of funds spent on critical activities that contribute to Puget Sound Recovery. Examples include funding spent on wastewater treatment and stormwater pollution control, and habitat acquisition and restoration. Local governments should be supported and incentivized to increase funding to address local priorities that are also Puget Sound recovery priorities.

Ongoing Programs

- Implementation of pollution prevention, habitat protection and acquisition, and other recovery-related activities by local governments using locally generated funds from utility rates, fees, assessments, and other funding mechanisms available to local governments.

FS1.5 Develop opportunities for private sector funding for implementation of Action Agenda priorities.

The private sector recognizes the benefit of a healthy Puget Sound to a healthy economy. The private sector is also faced with addressing certain recovery priorities such as controlling polluted runoff from private property. Opportunities should be provided for the private sector to invest in Puget Sound recovery. Opportunities for forming public/private partnerships to address priority issues should also be considered.

FS1.6 Develop and implement market-based mechanisms for implementation of priorities in the Action Agenda.

Significant amounts of money are currently spent on environmental mitigation related to growth and development in the region. Ecosystem structure and function continues to be degraded by land conversion in part due to a higher-than-acceptable rate of failure of mitigation projects.

In addition, property owners in rural areas are often faced with converting working resource lands such as forests and farms into more intensive uses such as residential. Environmental, aesthetic, and economic value is thereby lost. Ecosystem markets have the potential to compensate rural land owners for values that they provide by maintaining their lands in rural resource uses.

Ongoing Programs

- PSRC, Commerce, local governments, and PSP are working on the development of a transfer of development rights program in the central Puget Sound area. See page 28.
- The Partnership is involved with fostering in-lieu-fee compensatory mitigation projects in Hood Canal, Pierce County, and Thurston County. Those programs should all be approved by the end of the second quarter of 2012. Support for the programs should continue through program adoption. See more detail in Section A7.

Proposed Funding Actions

1. PSP to continue work with federal delegation to pass the Puget Sound Recovery Act by December 30, 2014.
 - Contact made with key staff in all delegation offices to encourage passage and to receive an update on status and prospects
2. NRCS to increase funding of existing programs as a pilot project in Puget Sound to improve water pollution prevention efforts in rural areas.
3. The Nature Conservancy, building on existing programs, to investigate expanded use of the Department of Defense Readiness and Environmental Protection Initiative (REPI) in Puget Sound to protect and restore ecosystem function that is related to the ability of DOD entities to accomplish their missions.
 - Evaluate and report on potential uses of the REPI program at all installations around the Puget Sound (June 2012)
 - Submit proposals for use of REPI funds on three top priority uses (June 2013)
4. PSP and Ecology work with partners to build a Puget Sound Clean Water Program to implement priority stormwater retrofits through increased funding of Section 319(h) Nonpoint Source Grants, Clean Water State Revolving Fund, and Ecology Performance Partnership Grants.
5. Ecology, DNR, and DFW pursue state legislation or other mechanisms to provide adequate funding for critical water quality and habitat protection programs including NPDES permits, the DNR Forest Practices program, and the Hydraulics Permit Approval program.
 - Proposal included in Governor's 2013–15 Biennial Budget request
 - Proposal enacted by Legislature in the 2013–15 Biennial Budget
6. The PSP, working with the ECB and LIO representatives, should lead the development of a legislative strategy to adopt a funding mechanism, as part of an integrated federal, state and local funding strategy, which local governments around the Sound could elect to use to address Puget Sound recovery priorities.
 - PSP to convene a subcommittee of the ECB to form the coalition and develop a workplan (December 30, 2011)
 - PSP, ECB and coalition members review funding needs for an integrated package of stormwater, habitat, and other water quality investments needed to carry out the Puget Sound recovery priorities and make recommendations regarding the establishment of additional funding

mechanisms (consider scale, capacity of different mechanisms). Review and recommendations should build on research and recommendations from Central Puget Sound WRAs regarding watershed-based funding mechanisms. The Executive Director of PSP should present recommendations to the Leadership Council in June 2012. (June 30, 2012)

- Build support for and introduce any legislation recommended in June 2012 in the 2013 legislative session
7. PSP to conduct a rate study of local special purpose districts to determine the relative amounts being raised by local governments to address recovery priorities compared to total potential that could be raised using existing funding mechanisms.
 8. PSP to develop a mission and adopt a one-year work plan for launch of the Foundation for Puget Sound by the end of 2012.
 - Stakeholder process implemented to develop mission and feasibility assessment of Foundation (March 30, 2012)
 - Workplan delivered to launch Board of Directors of the Foundation (December 30, 2012)
 9. PSP to provide assistance and leadership on the development of in-lieu-fee compensatory mitigation programs in Hood Canal, Pierce County, and Thurston County by December 30, 2012.
 - Hood Canal program approved by March 30, 2012.
 - Pierce County program approved by March 30, 2012.
 - Thurston County program approved by December 30, 2012.
 10. DNR to develop pilot marketplaces for watershed services in Snohomish and Nisqually watersheds by December 31, 2012.

Emerging Issues and Future Opportunities

Securing and stabilizing funding will be an ongoing need. Other ideas suggested during the Action Agenda update process that could be considered include:

- Allocation between local watershed areas.
- Adding criteria to state and federal grant programs to prioritize projects that encourage compact growth patterns, density and redevelopment, and rural lands protection
- Establishing a center to organize and stimulate conservation markets for resource lands.