

February 18, 2009

To: Leadership Council

From: David Dicks, Executive Director
Jim Cahill, Director of Accountability and Budget
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Region 10

Subject: Spending plan for the remaining FFY 2008 Appropriation for Action Agenda Development and Implementation

Summary

In the FFY 2008 federal budget the Environmental Protection Agency received \$19.68 million is for "... the continued development and implementation of the Puget Sound 2020 Action Agenda. These funds provide for grants to the Partnership under the National Estuary Program (Section 320) as well as grants, contracts and support for other aspects of the Action Agenda." The broad language in the Omnibus budget bill allows the money to be used for grants, contracts, interagency agreements or direct EPA staffing in support of the Action Agenda. Grants provided to the Partnership under the National Estuary Program will require a 50% non-federal match. This match can be either a financial or in-kind match. Direct grants by EPA to other federal agencies do not require a corresponding match.

To date, the Environmental Protection Agency has obligated \$10 million for activities related to Action Agenda development, Science, and implementation of specific projects. Below is general plan proposed for allocating the remaining FFY 2008 appropriation. In order to meet the appropriations requirement that funds be obligated within two years, the Partnership and other participating agencies need to submit a proposal to EPA by the end of March 2009.

Projects and activities proposed for funding were developed in consultation with EPA, the Department of Ecology, the Science Panel and other appropriate federal agencies. The Science Panel has provided comment and suggested specific items for funding.

Activities selected generally fall into the following categories:

1. Identified as a High Priority in the Action Agenda
2. Identified as a priority by the Science Panel in the Biennial Science Workplan
3. Continuation of projects initiated in the first round of FFY 2008 funding
4. Support to the Partnership to implement high priority Partnership responsibilities.

The current proposal would have funding allocated through the appropriate agencies for the following amounts.

1. EPA: \$325,000
2. DOE: \$2.5 million
3. NOAA: \$250,000
4. Puget Sound Partnership: \$6.5 million

These amounts may change based upon a decision on the most appropriate agency to lead the work and the need to meet federal matching requirements. No funding is proposed for restoration projects based upon the assumption that the federal stimulus package will provide funding for high priority projects.

The Puget Sound Partnership's Leadership Council is asked to review this general plan subject to staff adjustment of the final amounts, related subprojects, receiving agency, and any potential federal stimulus package.

The following general plan is proposed, organized by Action Agenda Strategic Priority:

Priority A: Protect Intact Ecosystem Processes, Structures and Functions:

1. **Watershed Characterization and Assessment (\$1.4 million)** The Action Agenda has identified as the highest priority under this strategic priority to complete watershed based assessments and related maps for each watershed in Puget Sound to identify the most urgent and important sites for protection. This proposal would build upon existing work done by the Department of Ecology and complete mapping for the entire Puget Sound.

Priority C: Reduce Sources of Water Pollution

1. **Puget Sound Dissolved Oxygen/Nutrient Studies (\$1.3 million)** Low dissolved oxygen (DO) levels and excessive nutrients have been identified as a concern in South Puget Sound and in the Whidbey Basin. The initial uses of the federal FFY 2008 appropriation included funding for the Department of Ecology to develop models to help develop nutrient source control strategies and to evaluate nutrient removal technologies. Additional funding is proposed for the Department of Ecology to build upon this work by developing site specific costs to remove nutrients from wastewater treatment plants affecting South Puget Sound; to conduct outreach with stakeholders on the South Puget Sound DO Study; continue to refine the South Sound DO Model; and to initiate data collection necessary to develop a DO model for the Whidbey Basin. The EPA will also receive funding to conduct a peer review of the South Puget Sound DO study.
2. **Toxics (\$1.035 million)** Toxics loading, particularly from stormwater, is identified in the Action Agenda as a major factor limiting recovery. EPA provided initial funding

to DOE to complete toxic loading estimates for Puget Sound with the first portion of the FFY08 funding. Two of these tasks recognized and assumed a second year of funding. Work will be completed to refine loading estimates from the four major land uses in Puget Sound (commercial/industrial, residential, agricultural, and forest/field) as well as determine seasonal changes in the loading of toxic chemicals from the Pacific Ocean to Puget Sound and from watersheds that discharge to Puget Sound. A total of \$300,000 will be set aside to implement priority recommendations for additional work from the Toxics Steering Committee meeting the week of February 23. Committee discussion in January suggested investment in staff and/or contract to link toxic chemical sources to the Sound, prepare syntheses (especially a toxics loading inventory), and to facilitate the use of synthesized findings in the development of a toxics control strategy.

3. **Low Impact Development LID (\$321,000)** Stormwater runoff is a significant contributor of toxics to Puget Sound. An August 2008 Pollution Control Hearing Board (PCHB) ruling remanded the Phase I permit to DOE to “ ... require non-structural preventive actions and source reduction approaches, including Low Impact Development Techniques (LID) where feasible. “ Funding will be used to develop site and subdivision-scale LID performance standards, define feasibility and other technical standards necessary to meet water quality standards. DOE will then use these standards to modify its National Pollution Discharge Elimination System (NPDES) Phase I and II municipal stormwater permits as well as update the Western Washington stormwater manual.

Priority D: Work effectively and efficiently together on priority actions

1. **Salmon Recovery Watershed Lead Support (\$735,000)** One of the biggest challenges for salmon recovery, and ecosystem recovery, is that the capacity of watersheds to implement the Action Agenda, including the Salmon Recovery Plan, is eroding as local governments face shrinking revenue. Resources to support lead entity core staff are declining. Grants of \$50,000 will be issued to each of the 14 salmon recovery watershed lead entities to support the core functions for implementation of salmon recovery and the Action Agenda including maintaining three year workplans, outreach and education and coordinating with watershed planning efforts.
2. **Puget Sound Partnership Staffing and Regional Support: (\$1,500,000)** The Puget Sound Partnership has significant responsibilities in implementing actions contained in the Action Agenda. Given the current status of state revenues, reductions in state funding for Partnership operations are likely. Additional funding will be provided to the Partnership in order to maintain current levels of effort and to undertake additional work outlined in the Action Agenda. The exact details will be defined with EPA following adoption of the state budget.
3. **Tribal Support (\$200,000)** The Puget Sound Tribes have been actively engaged in the development of the Action Agenda and EPA has provided financial support for

high priority restoration work in tribal watersheds through the Northwest Indian Fisheries Commission (NWIFC). Two non-NWIFC tribes are seeking financial support for work in their watersheds. EPA would provide direct funding to these tribes following review of grant applications.

Priority E.1 Build and Use performance management system to improve accountability

1. **Implement Activity Integration Database (\$234,000)** Funding was provided from the initial allocation of FFY 08 funds for the development of an accountability data system to track implementation of the Action Agenda. Once this system is in place additional resources will be used to maintain the system, prepare reports and assist with data entry.

Priority E.3. Biennial Science Workplan

1. **Water Quality Status and Trends Monitoring (\$497,000)** In the 2008 Supplemental budget the state provide funding to the Partnership to develop a regional water quality status and trends monitoring system. This system is necessary to determine the impact of habitat improvement activities and is required to meet NOAA delisting criteria for salmon. Although the Partnership made a request no additional state funding was provided in the Governor's 2009-11 Biennial budget to actually collect status and trends data. Federal funds will be used to complete this work.
2. **Implement Biennial Science Workplan (\$1.6 million)** The Biennial Science Workplan identifies several items that require additional funding. At the request of the Science Panel, specific high priority items currently being finalized include additional support for modeling and adaptive management for Integrated Ecosystem Assessment (IEA) modeling of Puget Sound as well as PSP staff to coordinate other modeling efforts; staff to work with PSAR, ESRP and others to integrate adaptive management into nearshore and other projects. Funding will also be used to develop and commission technical work groups to support science based work of the Science Panel and to develop a process for competitive solicitation of research proposals and peer review of PSP science work.
3. **State of the Sound and Puget Sound Science Updates (\$800,000)** The State of the Sound report is to be completed by November 1, 2009 and the Puget Sound Science is due in April 2010. One PSP staff position will be used to assist in completing the SOS analysis and reporting on status and trends of ecosystem indicators and to coordinate additional synthesis and analysis for developing the Puget Sound Science Update.

FISCAL OVERVIEW
STATUS OF FY2008 PUGET SOUND FUNDS TO DATE –1/2009

RECIPIENT AND TOTAL FUNDING	FUNDED AMOUNT FROM PS APPROP	DESCRIPTION OF WORK FUNDED IN FY2008
USFWS \$ 382,900 plus \$65,000 EPA PS Total \$447,900	\$ 382,900	Work includes monitoring and evaluation activities; investigating the toxic effects of stormwater on biological resources; implementing on-the-ground restoration and projection projects; Nisqually restoration monitoring project; coordinating with Puget Sound Federal Caucus members; and directly assisting with Action Agenda content development relating to invasive species issues.
USGS \$ 400,000	\$ 400,000	Work includes supporting the interagency Nearshore Restoration Program through development of an “Ecosystem Habitat Portfolio Model for Puget Sound; Linking Projected Future Land Cover Change to Nearshore Ecosystem Habitat Functions and Attributes”.
NOAA #1 \$49,000 plus \$45,000 from FY 07 funds Total \$94,000	\$ 49,000	Work includes a proposed approach for a Biological Observing System to expand and refine our understanding of how toxics move through the Puget Sound ecosystem and affect its aquatic life; development of a toxics biological monitoring protocol; and development of social and community indicators within PS as a component of tracking the PS Action Agenda.
NOAA #2 \$ 800,000	\$ 800,000	Work includes supporting development of an Integrated Ecosystem Assessment for PS; Phase 2 of PS Indicators Development; enhancing support of marine portion of the IEA in PS for indicator testing and management strategy evaluation; developing linked watershed marine system models for evaluating management strategies in PS; and investigating the impacts of stormwater on biological resources. Deliverables include development of a marine ecosystem model and development of linked marine upland watershed model
USFS \$38,997 EPA PS funds Total \$65,000	\$ 26,003	Work includes road decommissioning in priority watersheds within land allocations that emphasize conservation versus harvest.
CDC \$6,109	\$ 6,109	Rent for two offices on the 19 th floor of the Park Place Building. Agreement is being closed out.
PSP \$1,820,800 (funded with \$591,750 NEP funds) Total \$2,412,550	\$1,820,800	Work includes ongoing oversight of 07-09 Plan; 2020 Action Agenda development and coordination,, Hood Canal Biota Analysis project; development of an overall integrated information management plan.

RECIPIENT	FUNDED AMOUNT FROM PS APPROP	DESCRIPTION OF WORK
Ecology \$3,123,800 plus \$55,000 EPA PS funds & \$30,000 EPA Hdqs Total \$3,208,800	\$3,123,800	Work includes development of a toxics source control strategy; development of a nutrient control strategy for marine waters; and updating land cover data for PS; the transboundary derelict fishing gear removal demonstration project.
NWIFC \$2,000,000	\$2,000,000	Work includes NWIFC Tribal and Action Agenda development coordination and funding tribal priority projects.
WSU \$288,620	\$ 288,620	Work includes the beachwatchers stewardship network across seven northern Puget Sound counties.
BOLD Work \$136,000	\$ 136,000	Dioxin sampling done while BOLD was in Puget Sound.
EPA PS Funds- \$981,000	\$ 981,000	(see separate chart for more details on how the funds are being spent)
TOTALS	\$ 10.0M	

SUMMARY OF FUNDS - PS APPROPRIATION	\$ 19.7 M
TOTAL FUNDED IN FY08	\$ 10.0 M
REMAINING PS APPROPRIATION FOR FY09	\$ 9.7 M