



**December 9, 2014**

## **Input Received as Part of the FY16 EPA Funding Model Vetting Process**

**Comments from the following organizations are contained in this document:**

1. Alliance for a Healthy South Sound; South Central Action Area Caucus Group; Hood Canal Coordinating Council; Snohomish-Stillaguamish LIO; Strait ERN LIO
2. Conservation Commission
3. Department of Fish and Wildlife; Department of Natural Resources
4. Department of Ecology
5. Department of Health
6. Island LIO
7. Lummi Indian Business Council
8. Northwest Indian Fisheries Commission
9. Puget Sound Partnership
10. Puget Sound Partnership Science Panel
11. San Juans LIO (accompanied by endorsement letter from the San Juan County Council)
12. Seattle Audubon Society
13. Skagit River System Cooperative
14. US Fish and Wildlife Service
15. West Central LIO
16. WRIA 1 Salmon Recovery Board and WRIA 1 Joint Board



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**Strait  
Ecosystem  
Recovery  
Network LIO**

Strait Ecosystem  
Recovery Network LIO  
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November 26, 2014

Angela Bonifaci, Puget Sound Team Lead  
EPA Region 10  
1200 Sixth Avenue, Suite 900  
Seattle, WA 98101  
Bonifaci.angela@epa.gov

Re: Comments on EPA's Straw Funding Models for EPA Puget Sound Geographic Program  
Appropriation in FY16 and Beyond

Dear Ms. Bonifaci:

Thank you for recently convening Puget Sound tribal and local jurisdictions, as represented through Local Integrating Organizations, to discuss potential changes to the way that National Estuary Program funding is distributed in the Puget Sound Basin. At the meeting on September 26, 2014 in Edmonds you and your team were candid and clear about EPA's needs and interests for any funding approach and we believe the conversation advanced this important issue significantly.

In response to the opportunity to comment on the potential funding models presented at the September 26<sup>th</sup> meeting, this letter conveys an alternative recommended method for the distribution of National Estuary Program funding. This alternative model is endorsed by five local integrating organizations and by Puget Sound tribal governments via the Northwest Indian Fisheries Commission's Board of Commissioners. It is our understanding that the Northwest Indian Fisheries Commission will be submitting a separate letter to EPA supporting the alternative model.

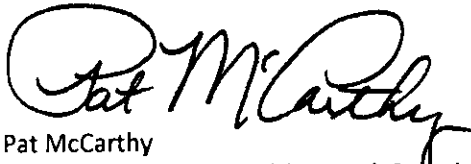
Our proposal suggests that EPA develop and implement a National Estuary Program funding approach for Puget Sound similar to the one used for Salmon Recovery Funding in watersheds. That process is well understood, effective, and has broad based support. At the center of this alternative model is a commitment to allocate a portion of available funds to implementation of high priority locally identified actions that are consistent with regional recovery strategies as demonstrated by inclusion in the Comprehensive Conservation and Management Plan (the Puget Sound Action Agenda).

The attached document presents a flow chart of the NWIFC/LIO model, for comparison to those outlined by EPA on September 26<sup>th</sup>.

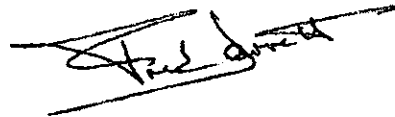
Angela Bonifaci  
Puget Sound Team Lead  
November 26, 2014  
Page 2

We thank you for your consideration of our ideas and we look forward to working with you to deliver NEP funding to the highest priority actions and to protect and restore this special place that we all call home. We know there are many details to work out, and we would welcome the chance to meet with you to more fully describe our model and talk about how it can best meet your and our interests.

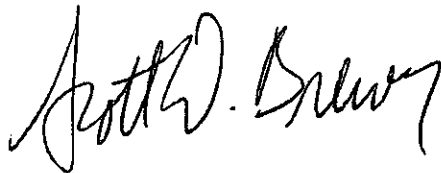
Respectfully,



Pat McCarthy  
Chair, Alliance for a Healthy South Sound  
Pierce County Executive



Fred Jarrett  
Chair, South Central Action Area Caucus Group  
King County Deputy Executive



Scott Brewer  
Executive Director, Hood Canal  
Coordinating Council



Dave Somers  
Chair, Snohomish-Stillaguamish  
LIO Executive Committee

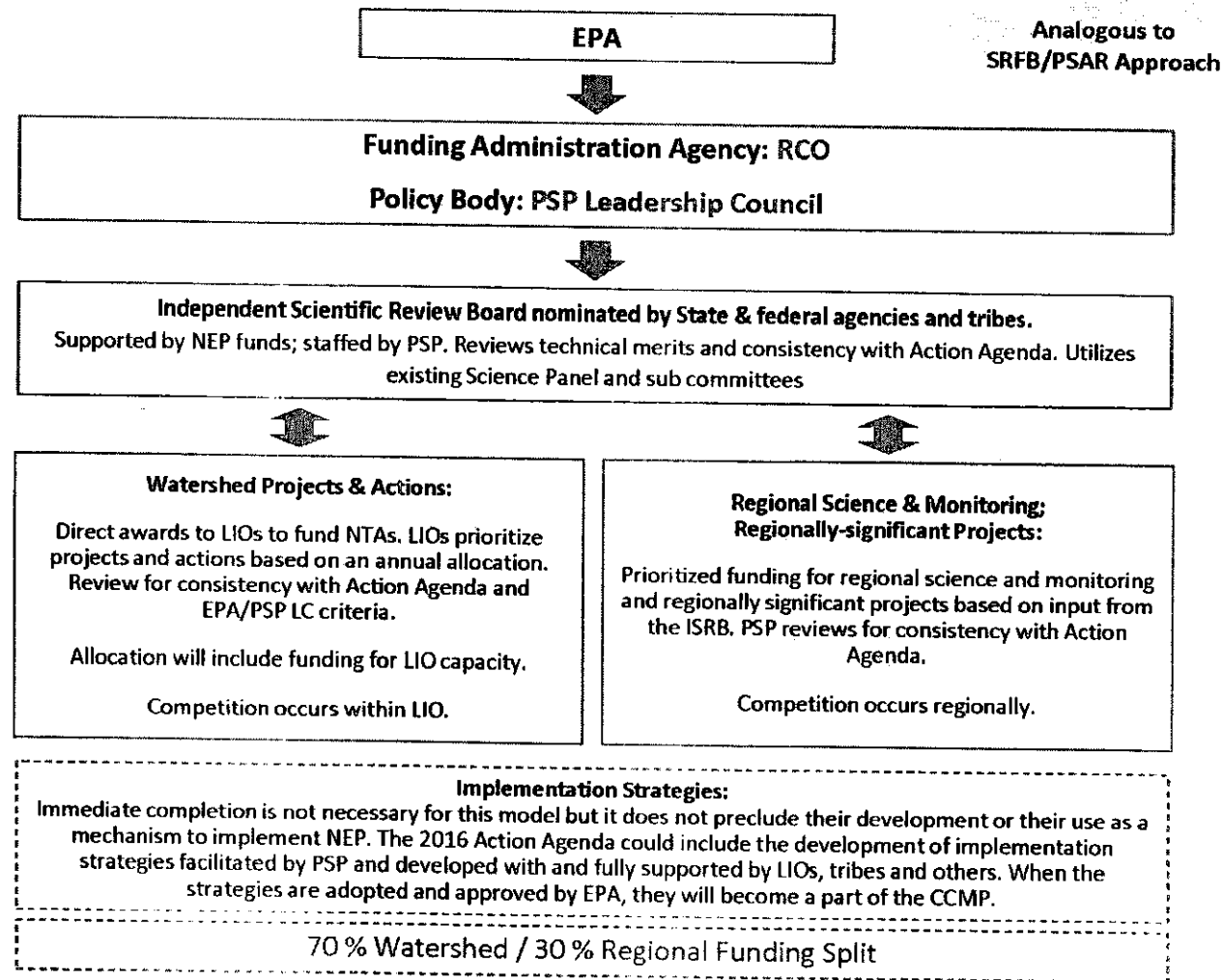


Steve Tharinger  
Representative, 24th District  
Strait ERN LIO Co-Chair

Attachment

cc: Sheida Sahandy, Puget Sound Partnership

**Joint Northwest Indian Fisheries Commission and Local Integrating Organization**  
**Proposal for an Alternative Approach to Allocation of NEP Funding in 2016 and Beyond —November, 2014**





STATE OF WASHINGTON  
CONSERVATION COMMISSION

*PO Box 47721 • Olympia, Washington 98504-7721 • (360) 407-6200 • FAX (360) 407-6215*

December 1, 2014

Angela Bonifaci  
EPA Puget Sound Team Lead  
U.S. EPA, Region 10  
Seattle, Washington

**SENT VIA EMAIL**

RE: Comments on EPA Proposed NEP Funding Models

Dear Ms. Bonifaci:

Thank you for the opportunity to review and comment on the proposed funding models for the allocation of the National Estuary Program (NEP) funds received by EPA for Puget Sound work. I have been involved in the issue since it first came up in early 2010 in discussions with the state caucus on Puget Sound. I am pleased to be able to provide you with my comments today.

I have been very disappointed in the implementation of the EPA NEP funding over the past three years. When the concept of the "bucket" approach was first floated, we at the Conservation Commission were very interested in actively participating in the process. We began to organize around seeking the agency lead position for either the watershed funding or the nutrient funding. Our hope was to get as much of the funding on the ground as possible in a targeted fashion to "move the dials" for resource improvement. After a series of discussions with the state caucus on the topic, there was considerable interest and pressure to have the "state family" go together in seeking the funding. With that in mind, and in the spirit of coordination and cooperation with our state agency partners, we stepped aside in our pursuit of these funds and supported the efforts of the other agencies. One key contingency in our stepping aside was that we at the Conservation Commission would be engaged in the discussions and decisions around the funds overseen by our fellow agencies. I'm sorry to report this coordination hasn't happened.

In one specific example, the department of Ecology was to regularly convene an agricultural group to provide advice and input into the nutrient funding bucket. After a few sessions, the meetings stopped. There have been no meetings in well over a year. In the meantime, we are told there's approximately \$1.5 million set aside for small farm assistance to address non-point water pollution. However I was also bluntly told that these funds would not go to conservation districts because Ecology staff "did not trust the districts to do the right things on the ground". Because no money has been spent out of this amount set aside for small farms, there are no plans to set aside more for this purpose.

**Shultz Comments on EPA NEP Funding Proposals**  
**December 1, 2014 - Page 1 of 2**

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The most recent report of the status of the NEP funds (November 2014) indicates obligated but unspent funds totaling approximately \$60 million. And yet, I know within just the conservation district community there are a variety of projects and activities that support the Action Agenda but are not being implemented due to lack of funding. Also, it's unclear to me how the money that has been spent to date has actually "moved the dials" for resource condition improvement in the Puget Sound basin.

I raise these issues as background for my comments on the EPA proposed alternatives for future distribution of the NEP funds. An improved system for the allocation of NEP funds should involve EPA first identifying the failings of the current approach as well as the areas where funding was effective, then make improvements based on that information.

I agree with the proposed set of criteria, however would recommend an improved oversight process for the non-competitive sub-awards. I believe this process has been abused in the current allocation process by the lead agency awarding direct funding to organizations and entities they like, and withholding funds from entities they don't like. Also, there is no clear process for how an entity would approach the lead agency and request direct funding. This makes the current direct funding process an inside ballgame undermining external confidence in the process.

Among the options presented, I support Straw Model Option B "Implementation Strategy Organized by Strategic Initiatives". This approach would allow for a competitive process whereby several cross-sector entities could partner and make a proposal in each of the three strategic areas. This approach is much more inclusive than the existing model.

I would be very concerned about Option C whereby one single entity would control the allocation process. This poses great risks of repeating the mistakes of the current system, particularly those errors relating to direct funding of activities and entities favored by the single entity. This option would again raise suspicion among external entities as to the fairness of the process.

Thank you for the opportunity to comment on the proposed revisions to the EPA NEP fund allocation process. I look forward to discussing this with you and other EPA staff further in the near future.

Sincerely,

Ron D. Shultz  
Policy Director

cc: Mark Clark, Executive Director, WSCC  
Puget Sound District Caucus members



WASHINGTON STATE DEPARTMENT OF  
**Natural Resources**  
Peter Goldmark - Commissioner of Public Lands

December 1, 2014

Dennis McLerran, Regional Administrator  
EPA - Region 10  
1200 6th Ave, Suite 900  
Seattle, WA 98101

Dear Mr. McLerran,

The Washington Departments of Fish and Wildlife and Natural Resources (WDFW and DNR) are committed partners in the implementation of the Puget Sound Action Agenda, and we appreciate the opportunity to provide feedback on the approaches you are considering for distribution and management of National Estuary Program funds. We hope you will consider our insights regarding the development of implementation strategies and which of the proposed funding models is most likely to contribute to recovery.

### **Implementation Strategies**

We are pursuing Puget Sound recovery in a diverse ecosystem that also includes a complicated social, cultural, and political landscape. Given this complexity, WDFW and DNR support the development of implementation strategies that identify and sequence the most important actions to advance regional recovery objectives. These implementation strategies are envisioned to guide funding beyond the National Estuary Program, including hundreds of millions of dollars in state funds. They must also reflect the actions that are needed most to advance the regional recovery objectives – whether new or ongoing, Sound-wide or geographically specific. The implementation strategies should identify a specific project or organization when such a choice is obvious, but identify only the action when additional information is needed or multiple projects or organizations could succeed. Therefore the organization(s) that lead the development of these implementation strategies must have significant subject matter expertise and implementation experience, understanding of new and ongoing programs throughout the Puget Sound, and a high degree of professionalism and accountability to the public; WDFW, DNR and other state agencies have these credentials. While we respect the work of the Science Panel, we do not believe the Science Panel is the appropriate body to develop or recommend implementation strategies as reflected in some of your presentation materials.

Even with the right expertise in the lead, creating these strategies will be a significant amount of work. We recommend that the ongoing development of implementation strategies continue to be supported by NEP funds. Further, we recommend that the implementation strategies start from an assessment of the current LO workplans in order to make the most use of what is working right now. WDFW and DNR have successfully developed National Estuary Program workplans as the Lead Organization (LO) for Marine and Nearshore Habitat Restoration and Protection. Our

approach included collaboration with other subject matter experts, touring the region to discuss the plan, and conducting multiple rounds of review, comment, and revision. As the Leadership Council noted, "The Marine and Nearshore LO has done exemplary work aligning the funding themes with the strategic initiatives and near term actions."

### Funding Models

We believe proposed funding models A, B, or C could be successful. Model A represents the current Lead Organization model and, as noted above, can be very successful. Since 2011, the Marine and Nearshore LO has successfully advanced priorities of the Action Agenda for Puget Sound and funded projects that contribute to Puget Sound recovery. We have also managed the LO with limited staff, engaged in extensive collaboration to develop workplans that were approved by EPA each round, and spent down funds expeditiously. There is efficiency in maintaining these successes, even while continuing to work with partners to improve the model. Model B reorganizes LOs around the Action Agenda's strategic initiatives. As in model A, this model could also maintain existing successes and seek ongoing process improvements. Model C proposes a single LO, but calls out separately the development of implementation strategies, likely resulting in increased administrative workload. In order to ensure the potential for success, the implementation strategies should be developed as suggested above, using the current LO workplans as a starting point and including an NEP-funded role for implementation strategy leads. Please also consider this an ongoing role and build a bridge between the implementation strategy leads and the LO. In our experience with the Marine and Nearshore LO, a substantial amount of thinking is required to turn concepts into clear statements of work and evaluate the deliverables of those projects along the way. Additionally, such a bridge would ensure the considerable knowledge existing lead organizations have gained since the inception of the program can be incorporated moving forward.

Once again, thank you for the chance to evaluate the options for the ongoing management of Puget Sound's National Estuary Program funding. We hope you will be able to incorporate our insights into the development of implementation strategies, the proposed funding models, and the role WDFW, DNR and other state agencies can play in their success. We are proud of our contributions to Puget Sound recovery – within and outside of National Estuary Program funding – and we look forward to continuing to improve those contributions in collaboration with EPA, the Puget Sound Partnership, and other partners. Please contact us if you have any questions or would like to discuss our feedback.

Sincerely,



Philip Anderson  
Director



Peter Goldmark  
Commissioner of Public Lands

December 1, 2014

Angela Bonifaci  
EPA Puget Sound Team Lead  
U.S. Environmental Protection Agency  
1200 Sixth Avenue  
Seattle, WA 98101

**Re: Ecology's comments on EPA's Future Allocation Model and Implementation Strategies**

Dear Angela,

Thank you for the opportunity to comment on the Environmental Protection Agency's exploration of options to improve the effectiveness of National Estuary Program funding model, as well as the proposed implementation strategies concept. The Washington State Department of Ecology supports EPA's intent to increase transparency and predictability, while also decreasing the administrative burden of the program.

Ecology's role as a Lead Organization for two of EPA's NEP grants and our broad responsibilities for Puget Sound recovery provides us with a unique perspective on EPA's proposals. We encourage EPA to think creatively about how it might advance either or both proposals with a focus on better engagement of the NEP Management Conference to achieve desired objectives. We are concerned that a focus on restructuring will result in significant political energy and mask more efficient opportunities to improve performance through the existing program, which we believe has delivered considerable benefit for Sound recovery.

Ecology offers the following comments for EPA consideration. The comments are offered in a manner that we hope can add value to any approach EPA chooses to take.

**EPA's Proposed National Estuary Program Funding Options**

There are two distinct parts to NEP grant management: 1) The capacity and expertise necessary to administer federal dollars (e.g., allocating the monies, approving invoices, undergoing audits, communicating terms and conditions to applicants, etc.); and, 2) Successfully delivering on program outputs and outcomes. An entity may be able to perform only one or both of these functions.

Ecology believes the current LO model demonstrates a capability to receive, account, disperse, and track EPA NEP awards over time in compliance with the Science Plan and the Action Agenda. State agencies are competent multi-capable fiduciary entities with internal science capacity and a Sound-wide view. They have developed, implemented, and refined RFP and sub grant/agreement/contract methods that protect public funds along with procedures to manage and communicate offerings externally.

Ecology also believes the current LO model successfully delivers results. EPA's data shows a diverse investment portfolio consistent with the Action Agenda. Furthermore, that portfolio has recently been modified to better focus on the Strategic Initiatives.

These facts should not be considered a barrier to potentially modify the NEP allocation model, but Ecology believes it is prudent to understand and account for any transaction costs. Therefore, if EPA does modify NEP fund administration, transactional costs should be minimized.

One approach is for EPA to modify the existing model by hybridizing models A, B, and D. Model A keeps transactional costs to a minimum, model B targets funds towards the high priority work of achieving the Action Agenda targets, and model D coordinates investments by either providing a large amount of dollars toward underfunded priorities or funding gaps.

This hybrid suggestion is to underscore that EPA has made – and can continue to make – modifications to the current LO model to better target priorities. For example, the Watershed LO (model A) already implements considerable action related to the Habitat Strategic Initiative (model B) and is also using the flexibility of NEP dollars to fund critical gaps (model D) such as the pre-design stormwater retrofit work.

In other words, the current Lead Organization model has the flexibility to allow for program modifications that can be informed with further engagement of the Management Conference. Again, the objective to target additional funding for stormwater resulted in EPA simply allocating additional funds to the Watershed LO to administer. This was a far more efficient approach than creating a new LO for stormwater. Further, existing LO work plans can be modified to implement Strategic Initiatives (most of which already do) and the core groups could be modified to include the necessary personnel (either permanently or temporarily) to develop Implementation Strategies.

There are inherent drawbacks to some of EPA's model options. For example, a disadvantage of Option B is that it divides critical elements such as toxics and nutrients across all three categories, significantly diluting the effectiveness of addressing their impacts and preventing further contamination. If Option B is selected by EPA, we strongly suggest the development of a fourth cross-cutting category that would include opportunities for continued funding of ongoing efforts such as the Salish Sea modeling and coordinating broad approaches for reducing toxic threats such as Chemical Action Plans across themes.

Regardless of whether EPA chooses to develop a hybrid approach or embrace a fundamentally new direction, Ecology believes there are some key factors to consider, including the following:

- a) **Consider and Leverage NEP Funds within the Context of all Sound-Wide Investments.** While significant, NEP funds represent a small portion of the overall funding currently invested in Puget Sound. For example, Ecology's 2015-17 budget request includes \$17.5 million of new Operating and \$336.5 million of new Capital investments in support of the Action Agenda. Understanding how Ecology's and all the other fund sources can be targeted and leveraged to result in greater ecological return deserves more attention and discussion. In particular, Ecology is supportive of the emergent

regional conversation to enhance “coordinated investment” opportunities. We embrace the concept within specific Ecology programs, such as Floodplains by Design, and we are working to expand it further through other fund sources, including stormwater and toxics cleanup.

- b) **Be Responsive to Concerns Consistent with the Data.** Ecology is aware of criticisms with the current NEP funding process, notably concerns that inadequate funding is directed to watershed priorities. Consistent with past statements, Ecology supports: 1) More consistent assessment of watershed priorities to better align watershed and regional priorities; and, 2) Better assessment of concerns expressed with the actual grant distribution data, which we understand show the vast majority of NEP funds are invested in watershed priorities consistent with the Action Agenda. It is important that EPA engage the Management Conference with factual information to inform any program refinements for both funders and recipients alike.
- c) **Consider Options to Streamline the Subaward Processes.** Ecology is interested in working on a mechanism that will allow direct funding to priority projects consistent with the Action Agenda, particularly those that have already been through a competitive process (e.g., stormwater, Floodplains by Design, etc.). While there is likely broad agreement on this principle, we would like to be engaged in the process to develop clarity on what conditions are necessary for direct award funding.
- d) **Avoid a Rigid Allocation Formula.** By their nature, allocation formulas are designed to be simple. While there are benefits to formulas (e.g., ensuring a certain amount invested in regional and/or watershed priorities), Ecology is concerned that a rigid formula may prevent strategic investment. While not perfect, the current LO funding model is an example of some formulaic investment that also preserves the opportunity to fund some priorities to a greater degree and/or emergent actions that were unforeseen.
- e) **Ensure Regional Priorities Remain Competitive for NEP Funds.** The current NEP fund process appropriately provides discretion to fund projects at the regional level that are necessary to achieve protection and recovery objectives. Perhaps the best example of why this is important relates to toxics prevention and nutrient control. Toxics prevention can benefit from a watershed approach, but long-term systemic change requires state and/or federal solutions. While Ecology does and will continue to champion effective local toxics and nutrient control efforts, we believe continued Sound-wide investment will become increasingly important as we implement the Governor’s toxics reduction work in particular. Therefore, Ecology recommends that any modifications to the NEP program ensure flexibility to invest in regional solutions as Puget Sound recovery will not be accomplished without them.
- f) **Ensure Program Actions Remain Competitive for NEP Funds.** There is broad support to fund watershed restoration projects as identified by the Chinook Recovery plan and the Action Agenda. However, the premise of the salmon recovery plan is that existing regulatory and incentive programs would maintain current habitat conditions, which would then result in restoration projects

creating net ecological function. We now know that premise to be false. In spite of renewed efforts, both the National Oceanic and Atmospheric Administration review of the Chinook Plan, as well as the Tribes' *Treaty Rights at Risk* assessment, have documented the need for improved habitat protection. NEP funds have been used to enhance critical protection programs, such as new shoreline and expanded non-point pollution programs. It is vital that any modifications to the NEP program allow continued investment in such programs as Sound recovery depends on both restoration projects and protection programs.

- g) **Clarify Role of Science.** The funding options do not sufficiently identify the role of science. For some human activities, appropriate implementation measures are already known and do not need refinement from scientific investments. However, we do not yet know whether other management strategies would be effective in addressing a threat. For example, scientific investigations are needed to tease out the influences of nutrients from wastewater treatment plant sources to know if additional actions would make any difference.

A related matter is the role of the Science Panel. While the panel has successfully identified science needs, those needs have not been prioritized, yet all of EPA's proposed allocation options begin with the Science Panel. Thus, a backup plan is needed in the event the panel is unable to identify and prioritize investment strategies by a particular date. Ecology suggests that a backup plan engage the Leadership Council in conjunction with the PSP science director.

- h) **Create a Clear Strategy to Secure another Five-Year Increment of Puget Sound Funding.** While it is important to improve the current NEP funding process, Ecology is more concerned about the lack of a coherent strategy to secure continued federal investment in Puget Sound. Since 2011 approximately \$170 million in federal funds have been secured to support protection and recovery actions. Ecology believes the region's primary focus should be on telling the successes of this current investment to make the compelling case for continued federal investment.

## Implementation Strategies

Ecology shares the concern about lack of progress on Vital Signs and believes that a clearer articulation of what is needed to achieve 2020 targets will improve the effectiveness of the Action Agenda. Such a planning exercise however, need not be exhaustive and can/should draw on all the previously existing Action Agenda material and planning processes.

In general terms, Ecology believes the Leadership Council should set the direction for the implementation strategies and use the respective expertise of the Management Conference entities to refine the key actions.

Ecology remains concerned that the proposed Vital Sign recovery groups may require considerable commitment/workload. Fatigue with the past seven years of planning is tangible. Therefore, Ecology supports the Puget Sound Partnership and EPA engaging the Management Conference in a simplified

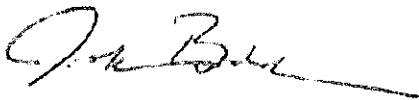
process to distill key actions necessary – from both existing programs as well as NTAs – to create such a structured road map for 2020.

With regard to detail of implementation strategies, Ecology disagrees with the need to take “...the content of the Action Agenda to the next level of more comprehensive, sequenced and detailed strategies.” Much like the exhaustive logic chains in which PSP invested considerable effort, detail does not generate a clear answer or pathway to action. Ecology sees development of implementation strategies more as a policy exercise to define key actions – again, both from existing programs and NTAs – needed to achieve 2020.

By their nature, implementation strategies should be about how and when to apply key actions (funding, regulatory, incentive, etc.). A value-added role the Science Panel could play is one of peer review: Are the implementation strategies grounded in sufficient science? Are the proposed implementation actions ones that scientists believe will move the recovery needle? Etc.

Thank you again for the opportunity to comment on EPA’s proposed changes to the NEP fund program and the proposed Implementation Strategies. Ecology looks forward to working with you, the PSP and the rest of the Management Conference to improve the effectiveness of our collective investment as well as our other program capacities to advance the Action Agenda.

Sincerely,

A handwritten signature in black ink, appearing to read "Josh Baldi", with a long horizontal flourish extending to the right.

Josh Baldi  
Regional Director



STATE OF WASHINGTON  
**DEPARTMENT OF HEALTH**

OFFICE of SHELLFISH and WATER PROTECTION

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December 1, 2014

Angela Bonifaci  
EPA Puget Sound Team Lead  
U.S. Environmental Protection Agency Region 10  
1200 6<sup>th</sup> Avenue, Suite 900  
Seattle, Washington 98101

Dear Ms. Angela Bonifaci,

The Department of Health (DOH), Office of Shellfish & Water Protection appreciates the opportunity to review and provide comments on the allocation funding models under consideration for future National Estuary Program (NEP) funding in Puget Sound.

We provide technical oversight for classification and restoration of shellfish acreage. Achieving the shellfish vital sign and public health targets in the Action Agenda will rely on the monitoring and management infrastructure and years of working relationships we have developed over the several years. Our marine water quality monitoring program and early warning system along with long experience convening and mobilizing shellfish protection districts have restored water quality in many shellfish growing areas throughout Puget Sound. Our wastewater division develops policies and procedures, provides technical assistance and oversees state financial assistance to help local agencies manage onsite sewage systems. Over the past five years, NEP funds have supported and strengthened the state and local infrastructure for reducing pathogens in Puget Sound. We want to continue to help carry out the shellfish implementation strategy and achieve the 2020 shellfish vital indicator and other targets in the coming years. The Lead Organization model has been a valuable platform for assessing what is working and what needs improvement in the current federal/state and local funding model.

Based on this experience, below are our comments:

Implementation Strategies

1. Our agency supports the implementation strategy approach, which focuses on vital sign targets, and helps align limited NEP resources with achieving the goals of the Action Agenda. Our agency adopted this approach with the Pathogens grant and has found it to be a useful blueprint to guide and focus our investment strategies.
2. We recommend that EPA conduct a competitive process to select leads for the implementation strategies. EPA, the Puget Sound Partnership, representatives from Local Integrating Organizations, and the Science Panel should review proposals, select implementation strategy

leads, review draft strategies, track, and assess progress. Science should provide the foundation for the implementation strategies, but more than science is needed to ground truth an effective investment plan—experience with policies, conducting programs and knowledge of local agency capacity are equally important. For these reasons, we recommend that the Science Panel not initiate the development of the Implementation Strategies, instead they should review them.

#### Reduction of Administrative Burden/ Management Conference Engagement

3. We were pleased to see that your funding model will endeavor to streamline the subaward process, reduce administrative burden and keep process to a minimum. With that in mind, the plan to develop and vet an annual work plan is not a good use of time or resources. The amount of administrative burden and process in the current model has been difficult for Lead Organizations and subawardees. The annual work plan process has taken time away from project implementation and subaward management. The recent audit of Puget Sound programs by the Office of the Inspector General confirms that more attention is needed to ensure that projects are well-managed and achieving results.
4. We recommend that only two work plans and stakeholder review processes be held during the duration of the entire six-year funding cycle. The first 6–9 months of the cycle could be dedicated to developing sufficient detail in the implementation strategies to provide guidance for two years of implementation. This would require identification of major investment areas and interim performance measures leading to the targets. A check in process for all implementation strategies at the mid-point of the funding period would be conducted to assess and communicate progress to stakeholders and lay out any changes needed to adaptively manage progress towards the targets. For consistency and transparency and to prepare for the workload, EPA, the Puget Sound Partnership, Science Panel and implementation strategy leads could work out a structured assessment/adjustment process and schedule in advance.

#### Funding Models

5. Option A is not aligned closely enough with the Action Agenda and is too broadly targeted to achieve meaningful results.
6. Option C puts a large burden of financial and contract/project management on one agency. Since no single agency has expertise in each of the strategic areas, technical assistance and project management would likely suffer. It is preferable to have one lead agency with the most expertise to manage the development and implementation (project management) of each implementation strategies.
7. Would the lead organizations for each of the implementation strategies in option C have a role in allocating direct awards and selecting projects through a competed process? Would they have any role in project management? If not, that is a weakness in this model since implementation strategy content/policy experience and authority as well as overview and knowledge of local efforts and how they roll up to achieve Sound-wide targets are needed to cohere state and local efforts into success.
8. Option C would have high overhead costs. Limiting overhead costs should be a consideration in selection of a model.

9. We prefer model B but feel that more detail is needed to flesh it out. Would the implementation leads provide direction for making direct and competed awards or would a percentage of funding go directly for implementation of local near term actions (NTAs) for that strategy? Coordinating local NTAs and priorities with the implementation strategy could be challenging. This problem could be addressed by including representatives from LIOs on advisory committees for each implementation strategy to unite local and regional priorities and opportunities and direct local funding.
10. We recommend that you consider incorporating elements of Option D into Option B. NEP funds provide an opportunity for investments in large-scale habitat restoration and acquisition projects and could be another element included in the option B implementation strategies.

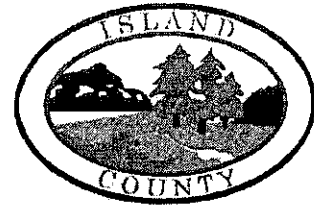
Other

11. The models and process descriptions for stakeholder, Local Integrating Organizations and the Management Conference do not sufficiently stress or address the importance of effective project management, especially in reference to achieving targets. Adaptive management does not work if you cannot gauge the progress of individual projects through lack of meaningful performance measures, intelligent reporting and project oversight.
12. In addition to supporting local programs, work is needed to ensure that the local projects roll up into meaningful results. Smart investments for NEP include:
  - Developing a more structured, consistent and transparent system for not just selecting projects, but also managing projects and using tools such as effectiveness monitoring to assess progress;
  - Helping locals obtain sustainable funding; and
  - Creating a supportive regional infrastructure for achieving targets, sharing knowledge, and resources (e.g. in addition to sustainable funding, identifying and sharing best practices).

Thank you for the chance to provide input on EPA's next funding model. Whatever model is selected, we will continue to work with EPA and our tribal, state and local partners to reduce pathogens in Puget Sound, restore shellfish beds, and protect public health.

Sincerely,

  
Jerrod Davis  
Director, Office of Shellfish & Water Protection



November 26, 2014

Angela Bonifaci, Puget Sound Team Lead  
EPA Region 10  
1200 Sixth Avenue, Suite 900  
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Re: Island Local Integrating Organization Comments on EPA's Straw Funding Models for EPA Puget Sound Geographic Program Appropriation in FY16 and Beyond.

Dear Ms. Bonifaci:

Thank you for the opportunity to comment on the EPA's Straw Funding Models for EPA Puget Sound geographic program appropriation in FY16 and beyond. The proposed changes to the National Estuary Program funding model and the way it is distributed in the Puget Sound Basin will directly impact our watershed and we recognize the significance of the potential implications, thus appreciate the opportunity to have our voice be heard.

The Island Local Integrating Organization (ILIO) supports a model that meets the following criteria:

- increase opportunities for direct funding to locals;
- increase predictability of funding from year to year;
- increase transparency of funding policies and decision-making;
- reduce administrative burden on both applicants and Lead Organizations;
- streamline subaward processes;
- funding should address treaty-rights-at-risk priorities;
- funding should implement the Action Agenda;
- need check and balances in decision-making;
- ensures that the review processes and people implementing the programs have balance matter experts that match the diversity of the projects that will be implemented and project evaluation has appropriate representation/involvement of subject matter experts on technical review panel);
- keep process to a minimum; and
- incorporates science-based guidance and a funding mechanism for Puget Sound recovery efforts at a local scale; a unilateral solution is infeasible on a diverse ecological and human landscape. Localized marine impacts must be addressed locally for effective regional recovery.

The ILIO feels that the proposed EPA models have served as vital discussion drafts and appreciates the effort that went into their development. However, the ILIO feels that an alternative model (attached) developed through discussion amongst multiple LIOs and multiple Tribes would better achieve implementation of the Puget Sound Action Agenda. This model utilizes a process similar to the one used for Salmon Recovery Funding (SRFB) in watersheds. The alternative model is endorsed by multiple local integrating organizations (LIOs) and by Puget Sound tribal governments via the Northwest Indian Fisheries Commission's Board of Commissioners (NWIFC). It incorporates the successful elements of the SRFB process along with the commitment to allocate a portion of available funds to the implementation of high priority locally identified actions that are consistent with regional

recovery strategies as demonstrated by inclusion in the Comprehensive Conservation and Management Plan (the Puget Sound Action Agenda). The joint LIO and NWIFC endorsed alternative model are supported by the ILIO.

Additionally, the ILIO recommends that the EPA involve LIOs in the development of the implementation strategies. The ILIO worked diligently with the PSP on a quantifiable, defensible process to establish local priorities, near-term actions (NTAs). These priorities were selected based on the local ecological significance, predominantly nearshore, which is not included in the currently suggested 5 strategic initiatives. Adoption of a process that excludes direct funding of NTAs that protect or restore nearshore habitat and its functions would be detrimental to our local ecosystem recovery implementation efforts, and would delay Puget Sound recovery. The ILIO also believes it is important that all of the LIO's are involved in the development of an allocation formula and look forward to being directly engaged in that process.

Thank you for your consideration of our feedback on your proposed EPA Straw Funding Models. The ILIO looks forward to the improvements to the NEP funding process and allocations.

Respectfully,

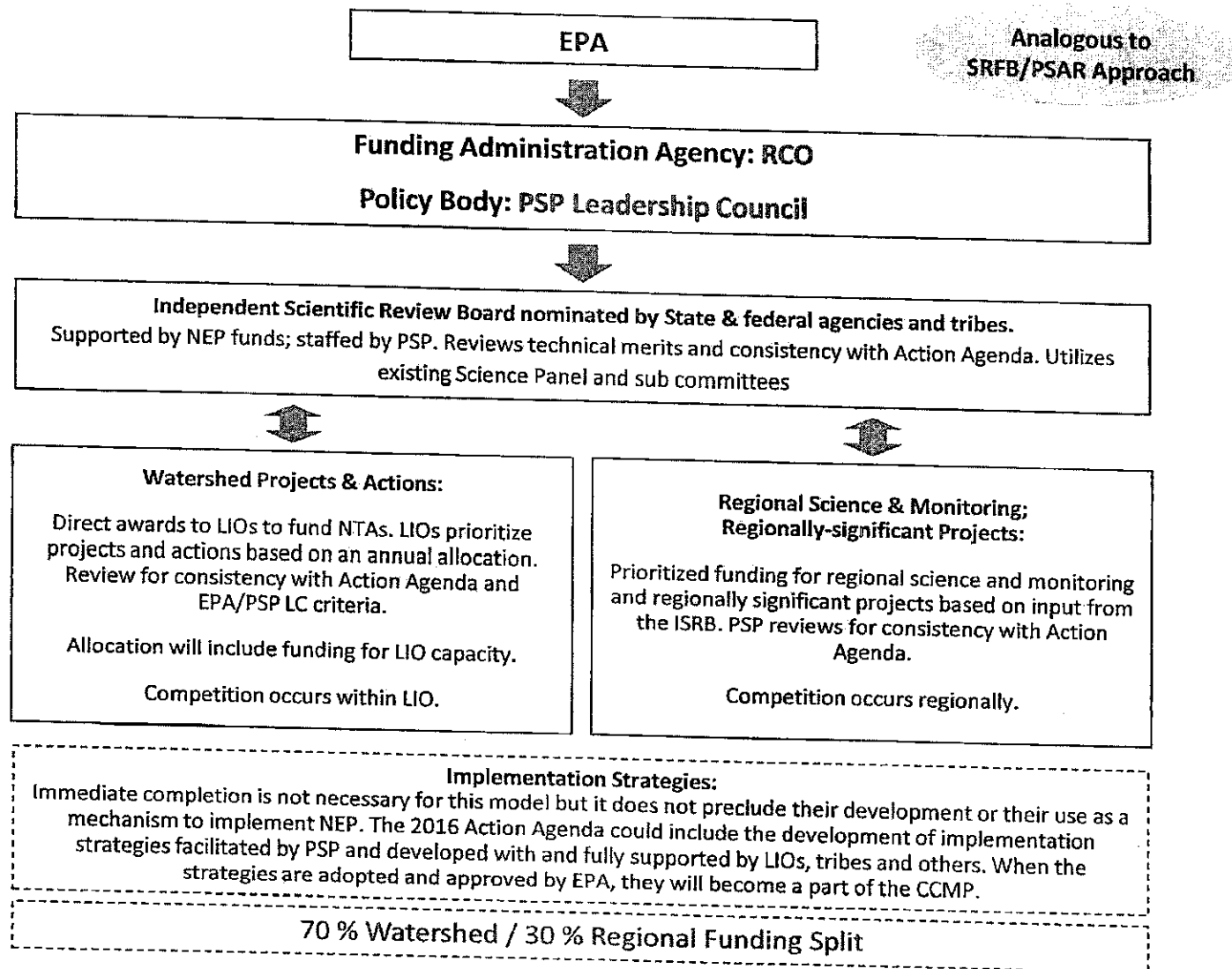
A handwritten signature in black ink, appearing to read 'Helen Price-Johnson', with a long horizontal flourish extending to the right.

Helen Price-Johnson, Island County Commissioner  
Chair, Island Local Integrating Organization

Enclosure: Joint Northwest Indian Fisheries Commission and Local Integrating Organization  
Proposal for an Alternative Approach to Allocation of NEP Funding in 2016 and Beyond,  
November, 2014.

Cc: Congressman Rick Larsen  
Senator Maria Cantwell  
Senator Patty Murray

Joint Northwest Indian Fisheries Commission and Local Integrating Organization  
Proposal for an Alternative Approach to Allocation of NEP Funding in 2016 and Beyond —November, 2014





## LUMMI INDIAN BUSINESS COUNCIL

2665 KWINA ROAD BELLINGHAM, WASHINGTON 98226 (360) 312-2000

DEPARTMENT \_\_\_\_\_

DIRECT NO. \_\_\_\_\_

December 1, 2014

Angela Bonifaci,  
Puget Sound Team Lead  
EPA Region 10  
1200 Sixth Avenue, Suite 900  
Seattle, WA 98101  
[Bonifaci.angela@epa.gov](mailto:Bonifaci.angela@epa.gov)

Re: Comments and Recommendations on EPA's Proposed Changes to the National Estuary Program

Dear Ms. Bonifaci,

Thank you for opportunity comment on potential changes in the way that National Estuary Program funding is distributed in support of the Puget Sound Partnership Action Agenda. We appreciate EPA's needs and criteria for any funding framework to meet requirements in the Congressional appropriation language. Lummi Natural Resources was not pleased with the implementation of the Lead Organization funding framework because the bulk of the funding went to state agencies, the lack of transparency in decision processes, the lack of opportunity to influence the development of the Lead Organization work plans, the proportion of direct and competed projects supported, the development of requests for proposals and their desired outcomes, and the selection of projects. We are left with the impression that this funding furthered the objectives of the state agencies rather than the protection and restoration of the Puget Sound ecosystem.

The Lummi Natural Resources Department offers the following comments and recommendation to EPA's proposals for restructuring the distribution of National Estuary Program (NEP) funding intended to implement the Puget Sound Partnership Action Agenda. We are concerned about the current state of the Action Agenda which seems to be support process over action and lacks a critical path toward the protection and restoration of the Puget Sound ecosystem to provide the goods and services that are essential to the perpetuation of the Lummi Schelangen or way of life. The Action Agenda seems support state agency projects and activities that are no longer supported by the state budget.

Restructuring the NEP funding framework provides an excellent opportunity to address several of our concerns about Lead Organization funding model. We participated in the discussion of NEP funding framework alternatives with Local Integrating Organizations (LIOs) and support modifications to the NEP funding framework that increase the involvement of the LIOs in identification of projects that can be implemented locally that address agreed regional strategies and priorities.

During these discussions we developed a straw-man proposal for EPA to develop and implement a National Estuary Program funding approach for Puget Sound similar to the one used for Salmon Recovery Board Funding of projects in Puget Sound Regional Recovery Organization area watersheds. That process is well understood, effective, and has broad based support. Based on an agreed evaluation of the impact of each watershed on the factors limiting the regional recovery of salmon each watershed has, each watershed is allocated a proportional share of the available salmon recovery funding and is provided with the capacity to identify projects to achieve recovery. This alternative model implies that the Management Conference will develop a 2016 version of the Action Agenda that identifies an agreed critical path and a prioritization of actions required to protect and restore the Puget Sound ecosystem and identifies a portion of available funds for implementation of high priority locally identified actions consistent with regional recovery. This model is similar to the model being supported by many LIOs and the Northwest Indian Fisheries Commission.

Several key elements our preferred model includes:

1. Utilizing Local Integrating Organizations (LIOs) in coordination with appropriate state agencies to ensure coordinated, agreed watershed-led prioritization of watershed-scale projects providing significant progress toward achieving agreed regional objectives;
2. A technical review panel, a functioning Partnership Science Panel to assess the technical validity of project proposals to accomplish proposed outcomes.
3. A single lead entity, the Recreation and Conservation Office, to administer funding of projects selected by the Leadership Conference on the advice of Ecosystem Coordination Board and the Science Panel.
4. No mention of the "Implementation Strategies" that were included in several of the EPA proposals because these strategies have not incorporated the views of the Tribes and the LIOs on priorities and strategies.
5. Support for strategic planning involving the LIOs in developing a critical path of prioritized actions to accomplish agreed priorities in the protection and restoration of the Puget Sound Ecosystem to provide the goods and services that support the Puget Sound way of life.

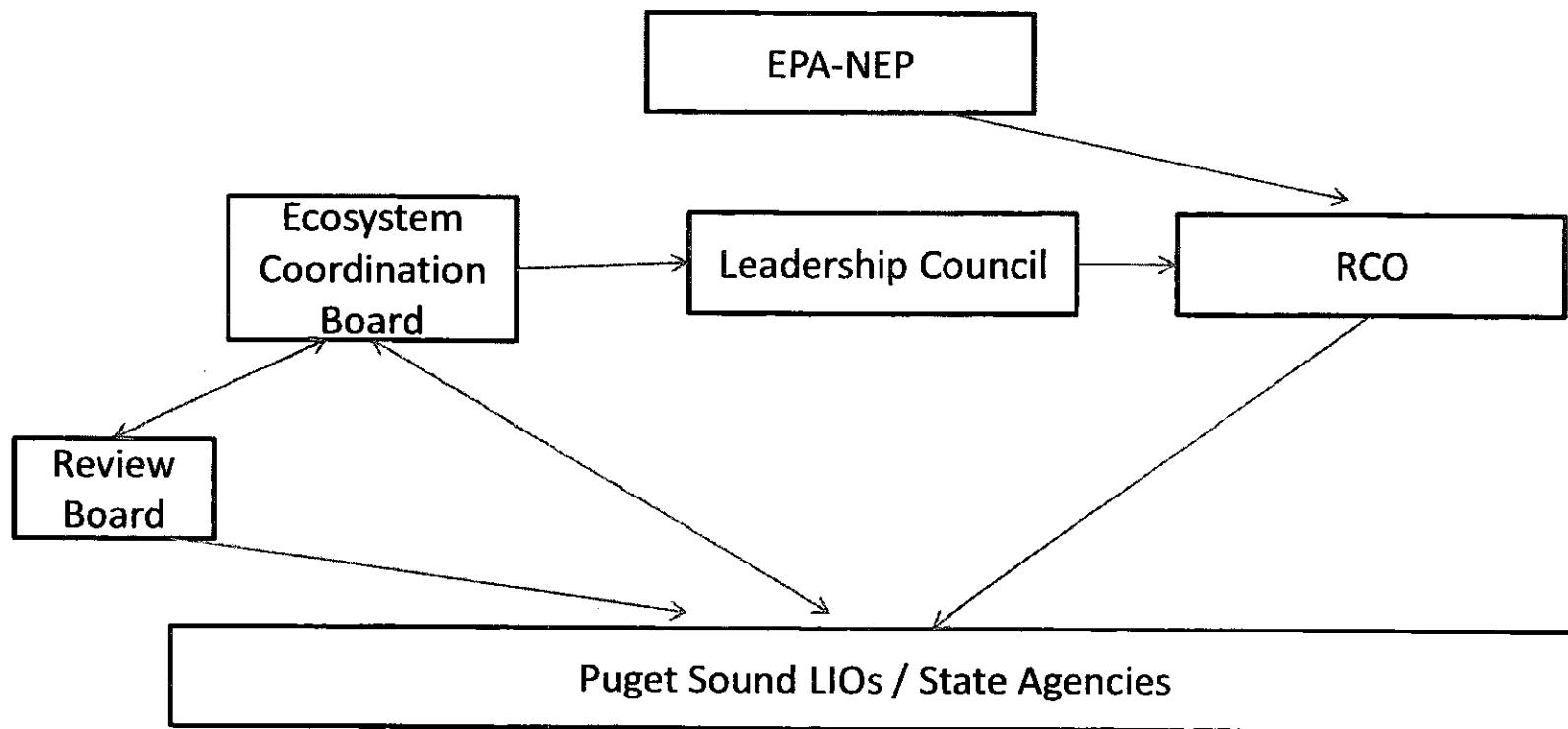
Finally, we would like to again underscore that the attached preferred model and descriptive elements provides only a conceptual structure for NEP funding dissemination, and that additional discussions will be necessary to fully develop this approach.

Sincerely yours,



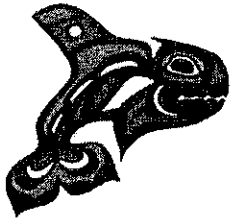
Randy Kinley,  
Policy Coordinator  
Lummi Natural Resources Department

C.C. Sheida Sahandy, Director, Puget Sound Partnership  
Rick Parkin, EPA Region 10



### Strategy

1. NEP Funds Prioritized Action Agenda Projects Developed by ECB and LIOs Approved by LC
2. LIOs and State Agencies in discussions with the ECB agree on who is best suited to implement key projects
3. Predictable proportion of available fund available for LIO projects with capacity funding identify sponsors
4. LIOs and State agencies propose projects to accomplish agreed objectives and passes proposals to ECB for review and comment for fit to Agenda priority,
5. Review Board (Science Panel) reviews project proposal and comments on technical merits ECB Recommends to Leadership Council which sends approved projects to RCO for administration of grants



# Northwest Indian Fisheries Commission

6730 Martin Way E., Olympia, Washington 98516-5540  
Phone (360) 438-1180

[www.nwifc.org](http://www.nwifc.org)

FAX # 753-8659

December 1, 2014

Dennis McLerran, Regional Administrator  
United States Environmental Protection Agency, Region 10  
1200 Sixth Avenue, Suite 900  
Seattle, WA 98101

Re: Comments and Recommendations on EPA's Proposed Changes to the National Estuary Program  
Appropriations for FY 16 and Beyond

Dear Regional Administrator McLerran:

On behalf of the member tribes of the Northwest Indian Fisheries Commission (NWIFC), we offer the following comments and recommendations on EPA's proposals to restructure National Estuary Program (NEP) funding. The tribes have been very vocal through the Treaty Rights at Risk initiative, about the need to improve EPA's funding process to assure that funded programs are aligned with salmon recovery and result in compliance with state water quality standards. The restructuring of NEP funding provides an excellent opportunity to address several concerns regarding the administration of funds. We therefore request that EPA review the tribes' proposal in light of the federal response to the Treaty Rights at Risk initiative, in addition to your request for public comment on EPA's models. The comments attached are primarily focused on providing recommendations to EPA on a tribal preferred model. This model was developed with the support of the NWIFC member tribes, and is the product of both inter-tribal discussions as well as coordination with Local Integrating Organizations (LIOs).

The tribal alternative model resembles EPA's own proposal in Model C, but has been modified to provide additional accountability and emphasizes coordination opportunities for watershed scale prioritization. Much like EPA's own models, not all elements of the tribes' preferred model are enumerated. The tribes understand that there are many details regarding implementation of this (or any other) model, and the tribes stand ready and willing to work together with EPA to fill in the important details.

Several key elements of the tribes' preferred model include:

1. utilizing Local Integrating Organizations (LIOs) to guide the implementation of Action Agenda priorities, to ensure coordinated, watershed-led prioritization of watershed-scale projects, and to capitalize on existing local partnerships and collaborative planning efforts;
2. (re)development of an independent science panel to provide technical review and scientific direction;
3. an allocation system that accommodates both watershed-scale actions, as well as Puget Sound-wide funding for much needed regulatory responses, as well as research and monitoring; and
4. a single lead organization to administer funding to ensure consistent grant cycles, and to provide tracking to ensure accountable data collection.

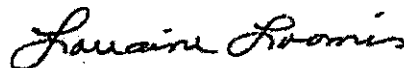
It is important to note that the tribes' preferred funding structure does not rely upon the use of "Implementation Strategies," an element which is built into most but not all of EPA's proposed funding structures. The reason for this omission is that the concept of Implementation Strategies has yet to be fully vetted with the tribes and other interested parties. As the tribes have clearly expressed to the Puget Sound Partnership, many questions remain as to exactly what an implementation strategy looks like, which should be developed first, how they should be developed, who should be responsible for their development, and whether EPA should approve them per requirements of section 320 of the Clean Water Act. Moreover, according to the schedule presented to us, it doesn't appear to be feasible for the Implementation Strategies to be satisfactorily completed, fully vetted, and approved, by the time necessary to guide prioritization of NEP funds in the FY 2016 funding round.

The tribes' omission of the strategies in their preferred model doesn't mean that the tribes do not support the use of strategic planning methods, such as Implementation Strategies, to guide NEP funding. Nor have the tribes suggested that NEP funding preclude the use of Implementation Strategies. On the contrary, tribes believe that strategic planning through development of Implementation Strategies could guide the application of NEP funding, if the selection of strategies are supported by tribes, they are developed with ample time, are based on science, include tribal participation in their development, and are vetted with tribes and approved by EPA.

It is recommended that incorporation of Implementation Strategies into the NEP funding process be accomplished by waiting to adopt the strategies as official elements of the Comprehensive Conservation Management Plan (CCMP) in the course of the 2016 Action Agenda updates. Section 320 of the Clean Water Act requires that NEP grants implement the CCMP, which in Puget Sound is the Action Agenda. Therefore, when implementation strategies are properly approved as a part of the 2016 Action Agenda updates, they will become a part of the § 320 requirements for NEP funding. This approach of waiting to formally integrate the Implementation Strategies into the 2016 Action Agenda update will ensure § 320 compliance, and also allow for additional time to properly select, develop, vet, and approve the work.

Finally, we would like to again underscore that (like the various models proposed by EPA) the attached preferred model and descriptive elements provides only a conceptual structure for NEP funding dissemination, and that additional discussions will be necessary to fully develop this approach. The tribes look forward to further discussing implementation details with EPA in the near future. In the meantime, should you have questions regarding this correspondence please do not hesitate to contact me or my staff at (360)438-1180.

Sincerely,



Lorraine Loomis  
Chairperson

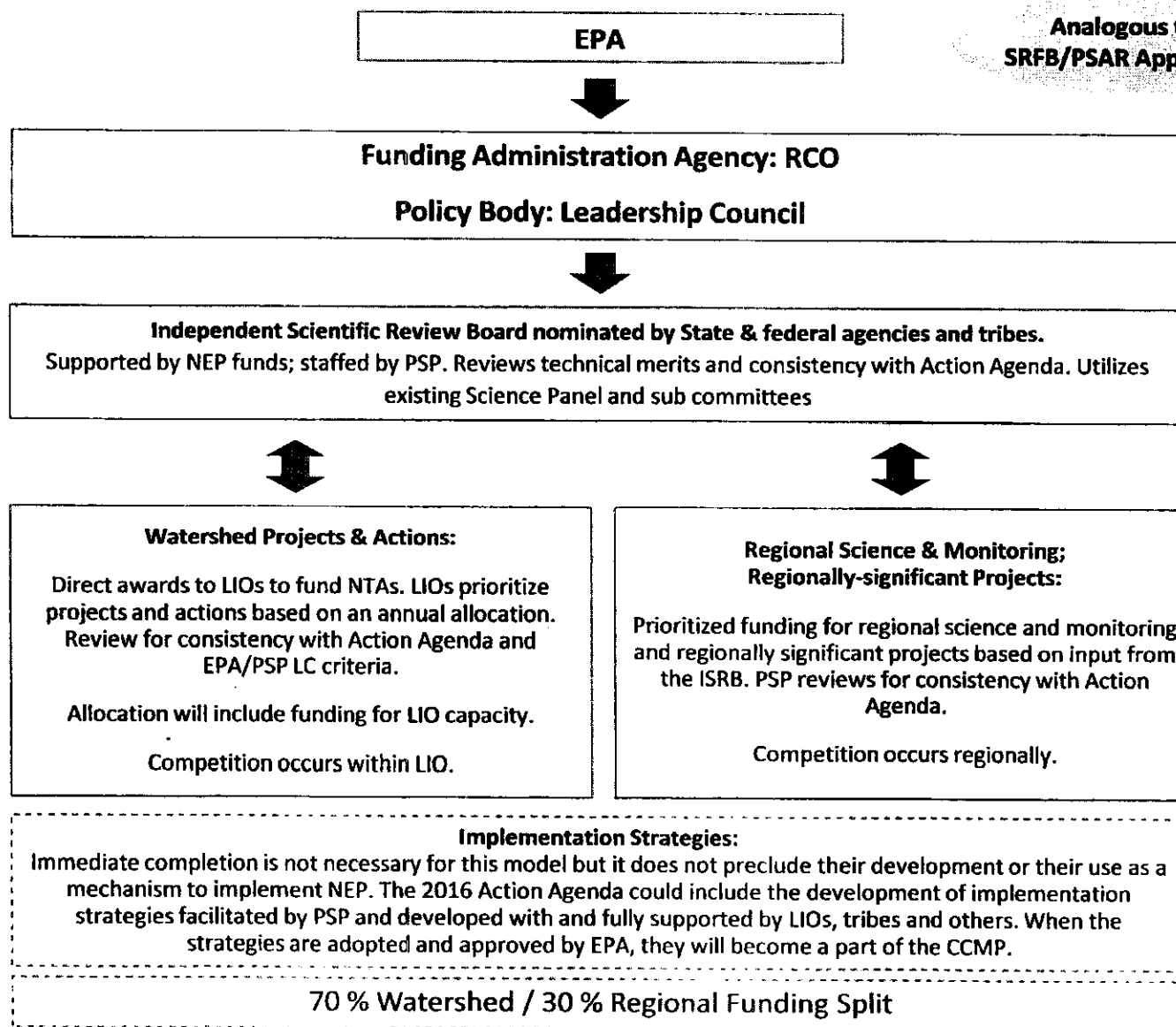
Enclosure

cc: Commissioners

Sheida Sahandy, Executive Director, Puget Sound Partnership

Rick Parkin, EPA Region 10

Angela Bonifaci, EPA Region 10



## **Key Elements of the Proposal**

### **1. Administration:**

The preferred tribal model proposes that a single state agency will administer the NEP funds, including payment, tracking, and data collection. The agency will publish the list of projects each year and take public comment, similar to the process used by the Centennial Clean Water Fund/\$319 funding.

### **2. Funding Criteria:**

The Lead Organization will develop funding criteria in conjunction with EPA. The criteria will guide eligibility determinations. The criteria will be made available for public comment and will be published by the funding administration agency. The criteria should explain the funding process and provide eligibility criteria to ensure that the program complies with federal requirements of § 320 and congressional appropriations language.

### **3. LIO prioritization and review:**

The Lead Integrating Organizations will request submittal of applications from the Action Area once annually. The LIOs will review all applications for consistency with the Action Agenda and then prioritize those projects based on their ability to best implement the Puget Sound Action Agenda and recovery of Puget Sound. This prioritization process introduces additional competition encouraged by EPA.

### **4. Funding Cycle:**

Under the preferred tribal model, project applications and subsequent funding will be administered only once annually, and on the same dates, so as to foster predictability, and encourage efficiency. A major criticism of the current funding system is that RFPs are continually released on a rolling basis, providing confusion regarding application timing and funding availability.

### **5. Link to CCMP:**

Section 320 of the federal Clean Water requires that NEP expenditures are consistent with the Comprehensive Conservation Management Plan (CCMP). In Puget Sound, the Action Agenda serves as the CCMP, and therefore serves as an important linkage with § 320 compliance. To ensure consistency and compliance with the Clean Water Act, LIOs will provide the first tier review of all local projects proposed to implement the Action Agenda. Also, an independent science/technical panel will provide a second tier review for only those projects prioritized and selected by the LIOs for funding.

#### 6. Implementation Strategies:

Immediate completion of Implementation Strategies is not necessary for this proposed model. This does not preclude the development of such strategies or their use as mechanism to implement NEP. The 2016 Action Agenda update could include implementation strategies that were carefully developed and fully supported by tribes. At that time when they are adopted and approved by EPA they will become part of the CCMP, and therefore a part of § 320 requirements for NEP funding. This avoids the problem of making NEP funding decisions based on priorities that have not been adopted via the federal CCMP review and approval process.

#### 7. Science/Technical Panel:

The proposed Independent Scientific Review Board could be used to evaluate both the technical merits of projects, as well as provide scientific direction to sound-wide recovery research and implementation. The Science board or panel would need financial support to ensure regular participation from the scientific community. Key purposes would include:

- project review to ensure effectiveness in achieving recovery and to provide a second tier of review to ensure implementation of the Action Agenda priorities;
- a venue to raise important science questions regarding efficacy or adaptive management; and
- direction and input to state agencies and others on how to best approach funding of Sound-wide research, monitoring, and implementation.

#### 8. Proportion of regional versus watershed funding:

The recommended allocation is 70% to watersheds (LIOs) and 30% to regional efforts (e.g., state agencies). This split does not preclude state (or federal) agencies from receiving funding to participate in watershed level programs or vice-versa. For example, if an LIO conscripts a state agency to provide additional enforcement or monitoring work as an element of a Pollution Identification and Correction program, then the LIO could budget and prioritize that action and the funding agency could direct the funding to the state agency as appropriate.

#### 9. Allocations among LIOs:

EPA could utilize an allocation formula similar to that used by the SRFB to allocate funding among LIOs. The allocation criteria would need to be tailored to Puget Sound recovery and would incorporate similar criteria based on the importance of each Action Area in resolving sound wide threats. A portion of the funds are recommended to be allocated to LIO capacity.

#### 10. Efficiency and Transparency:

There are several elements of this proposed plan that provide transparency and efficiency to the process:

- a. Criteria - provides up-front side boards, and clearly lays out how the process works for the public to understand (something the current system lacks).
- b. Allocation formulas - predetermined formula to decide how much each LIO will receive each year, which eliminates discretionary decision-making made behind closed doors.
- c. Regional and watershed funding split - predetermined percentage determines how much money will go to regional versus watershed projects or actions.
- d. Improved data collection - funding lead organization will be responsible for implementation data collection, and therefore provides a single clearinghouse for grant information.
- e. Two tier technical review process - the proposal provides two tiers of technical review, one review conducted locally within the LIOs and one review conducted by an independent body with specialization in the topic areas.
- f. Guided by science -the science body provides direction to state agencies on Sound-wide efforts and reviews technical merits of local projects.

December 1, 2014

Angela Bonifaci  
Puget Sound Team Lead  
EPA Region 10  
1200 Sixth Avenue, Suite 900  
Seattle, WA 98101

Re: 2016 NEP Geographic Funding Model Comment

Dear Ms. Bonifaci:

Thank you for the opportunity to offer the Puget Sound Partnership's analysis and comments for consideration by the Environmental Protection Agency (EPA) in its deliberations about the proposed models for 2016 National Estuary Program Geographic Funds program. We truly appreciate the time and effort you and your colleagues have put into public engagement and outreach, as well as having had the opportunity to participate in some of those conversations with you.

We began this process by building a shared vision of desired outcomes for a collective effort to accelerate recovery and most efficiently use limited resources. We jointly defined attributes necessary for a successful funding allocation system that included the following (not in priority order):

- Implement the Action Agenda;
- Address Treaty-Rights-at-Risk priorities;
- Increase opportunities for direct funding to Local Integrating Organizations;
- Increase predictability of funding;
- Increase transparency of funding policies and decision-making;
- Reduce administrative burden on both applicants and lead organizations;
- Streamline sub-award processes;
- Provide funding for local and regional priorities ensuring that when those priorities align, direct funding is available (per third bullet);
- Provide checks and balances in decision-making; and
- Keep process to a minimum.

EPA then developed multiple potential funding models designed to achieve the broader outcomes and shared those models with numerous audiences in various venues for feedback. The "straw" models were:

- |    |                                 |    |                        |
|----|---------------------------------|----|------------------------|
| A: | Current Lead Organization Model | C: | One Lead Organization  |
| B: | Vital Sign Recovery Group Leads | D: | EPA Issued Annual RFPs |

EPA encouraged submission of comment letters in response to these "straw" models. The Partnership has received copies of several of the comment letters submitted to EPA by other organizations, many of which advocate a modification to Model C - the One Lead Organization Model.

We are writing to provide our analysis of the degree to which each of the primary models reflect the system attributes and feedback we heard about which components of the various models best achieve the desired attributes.

The following table provides a summary comparison of the four EPA models and the predominant modification (Local/Tribal) in relation to the attributes. Each model is given a score of "A" for attributes that can be robustly achieved, "B" for attributes that may be achieved, but are unknown at this time because they depend on details not yet defined, and "C" for attributes that are not fully achieved.

ATTRIBUTES	EPA A	EPA B	EPA C	EPA D	Local/Tribal
Implement Action Agenda	B	A	B	B	B
Address Treaty Rights at Risk	B	B	B	B	B
Increase direct funding to LIOs	B	B	B	C	A
Increase predictability	B	B	B	C	B
Increase transparency	B	B	B	C	B
Reduce administrative burden	C	B	A	C	A
Stream-line sub-award process	B	B	B	B	B
Fund regional/local priorities	B	B	B	C	B
Provide checks and balances	B	A	B	C	B
Keep process to a minimum	C	B	B	B	B

What is evident from the attribute comparison across models is:

- the details of how the selected model is developed will be critical in ensuring the desired attributes are fully addressed;
- EPA D is a clear outlier, which may largely be due to the perceived lack of federal, regional, and local collaboration apparent to varying degrees in the other models; and
- most models have components that produce higher scores for some attributes.

Drawing on the third observation from the comparison, the remainder of the Partnership's feedback will be focused on those components or implementation recommendations that best align with the defined attributes.

- The single Lead Organization (LO) model:** Administrative burden and cost will be reduced, and implementation of projects on the ground can be accelerated with a move to a single LO model. Local and regional project implementers consistently cite as problematic the multitude of grant applications, varying deadlines, and varying compliance requirements; the one LO model would streamline these processes.
- The single LO co-managed by the Partnership (for the policy side) and the Recreation and Conservation Office (RCO) (for the financial management side):** We realize EPA requirements will likely prompt a competition for the single LO manager/co-managers, if that model is advanced.

However, attributes supported by a Partnership/RCO co-managed LO include: ensuring direct policy alignment with the Action Agenda as well as consistent effectiveness evaluation, adaptive management, and accountability systems to promote transparency; minimizing administrative burden and process by using RCO's long-established grant and contract management systems, which are familiar to many of the local partners; and promoting checks and balances both in having co-managers and in creating a system where the LO's do not themselves have projects eligible for funding.

3. **Direct funding of locally prioritized, technically pre-reviewed projects that fit into Action Agenda Implementation Strategies:** Establishing collaboratively vetted criteria for direct funding of local projects can be an *express lane* to ensure that when there is clear alignment between local and regional priorities, administrative barriers are kept to a minimum, funding predictability is increased, and transparency of the process is maintained.
4. **Flexibility outside of Implementation Strategies:** Implementation Strategies are a tool, described in the PSP enabling statute, to create a roadmap for linking where we are today, through a set of actions, to the outcomes we need to achieve. They will be developed on a rolling basis as time and capacity allow. Using Implementation Strategies to target a significant amount of funds for maximum impact, as measured by Vital Sign improvement, is important to maximizing recovery. However, the Partnership also recognizes that as Implementation Strategies are being developed, there will be opportunities and unforeseen events outside the Implementation Strategy framework that need funding. Therefore, we recommend a clear mechanism for funding actions outside the Implementation Strategies framework when needed. Such a mechanism would allow support for elements in the Action Agenda that are not currently connected by an implementation strategy, balance emerging local and regional priorities, and offer an avenue to address issues associated with Treaty Rights at Risk.
5. **Set-aside for Effectiveness and Monitoring Work to enable Adaptive Management:** Continuously evolving practices in response to learning and ensuring smart investments through science-informed prioritization requires a sustainable system to identify, collect, and analyze data associated with Puget Sound recovery projects and practices. This work requires a resource dedicated to this purpose. Availability of this data and analysis is important for supporting implementation strategies, identifying Action Agenda implementation priorities, and providing a transparent basis for developing funding criteria. This work will also help connect local priorities to regional outcomes.
6. **NEP regional funds used to *implement* the Action Agenda:** Maximizing progress toward the Vital Sign targets will require following a roadmap, which for Puget Sound is the Action Agenda. Given the limited amount of NEP regional funds, focus on approved Action Agenda Near Term Actions is the most efficient way to achieve recovery targets. More flexible standards for funding of projects, such as being "consistent with" the Action Agenda, can allow too much divergence from the roadmap. The Partnership will work hard in the 2016 Action Agenda revision, including in the development of the Implementation Strategies, to bring increasing amounts of specificity to the document to support Action Agenda implementation and ensure the priority actions are more aligned with local and

regional priorities, foundational work in developing the update can be used to streamline funding processes, and adherence to the Action Agenda becomes its own "checks and balances" element.

Many of the components and implementation recommendations supporting the attributes discussed above are reflected in models EPA has received from our partners, including a shared model submitted by most LIOs and Tribes. Our partners have invested much time and effort to align around that proposal. We encourage EPA to give strong consideration to the ways in which these recommendations, or components, can be incorporated into the final framework.

Finally, the Partnership encourages EPA, other federal and state agencies, Tribes, and its local partners to use the process started through the engagement around these models to bring synergy to the larger Puget Sound recovery funding context. The "LO" funds are only a part of the Geographic Funds and the NEP Geographic Funds are only a portion of the Federal Funds and the Federal Funds are only a portion of all the funds spent on Puget Sound recovery (and restoration and protection). There should ideally be a mechanism for weaving other federal and state funding that is intended to help recovery, restoration and protection of Puget Sound into this system. How do we start to put the whole array of funds to work in a more deliberative way so that each is playing its most useful and maximized role? In the same spirit used around the funding models, let's work together to answer that question.

We look forward to continuing this work with you and, again, thank you for the significant public engagement process.

Sincerely,



Sheida R. Sahandy  
Executive Director

cc: The Honorable Jay Inslee, Governor  
Dennis McLerran, Administrator, EPA Region 10  
Lorraine Loomis, Chair, Northwest Indian Fisheries Commission  
Martha Kongsgaard, Chair, Leadership Council  
Peter Goldmark, Commissioner of Public Lands, Department of Natural Resources  
Brian Bonlender, Director, Department of Commerce  
Maia Bellon, Director, Department of Ecology  
John Wiesman, Secretary, Department of Health  
Phil Anderson, Director, Department of Fish and Wildlife  
Kaleen Cottingham, Director, Recreation and Conservation Office  
Dave Somers, Chair, Ecosystem Coordination Board  
John Stein, Chair, Science Panel  
David Troutt, Chair, Salmon Recovery Council  
Rick Parkin, Program Manager, EPA Region 10

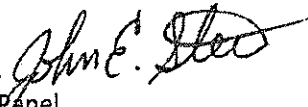
# Puget Sound Partnership

1000 1<sup>st</sup> Avenue, Suite 1000, Seattle, WA 98101-3100

## SCIENCE PANEL

December 1, 2014

MEMORANDUM TO: Rick Parkin  
USEPA, Region 10

FROM: John E. Stein, Ph.D.   
Chair, PSP Science Panel

SUBJECT: Recommendations for a revised model for disbursement of National Estuary Program funds for PS recovery

At the October 2014 meeting of the Science Panel, EPA staff requested feedback about design of a new disbursement model for NEP funds, to begin in 2016. Following discussion on this subject among Science Panel members, this document summarizes the SP's recommendations to EPA. Feedback focused on two questions: *What should NEP funds be spent on? How should NEP funds be disbursed?*

### Guiding Principles

1. USEPA/NEP funds represent a small part yet important part of the overall funding portfolio for Puget Sound recovery (Appendix 1). Within a mandate for advancing whole-ecosystem recovery, the importance of NEP funds lies in the flexibility of their application. NEP funds should be applied as a 'force multiplier' to achieve the most effective use of all available resources, and the revised funding model must be developed within the context the overall funding portfolio.
2. Revising the EPA funding model presents an opportunity to improve how information flows and decisions are made throughout the Puget Sound recovery effort. Clearer and shorter lines of responsibility, increased transparency in decision-making, and more consistent processes for prioritizing needs and allocating resources are desired.
3. The revised EPA funding model should be enduring, such that it addresses short-term priorities while being sufficiently inclusive to accommodate changing priorities. The structure should be organized around the current strategic initiatives (protecting habitat, preventing pollution from urban storm water runoff, and recovering shellfish), yet have capacity to handle all PSP vital signs and indicators.
4. The three principles above underpin the use of adaptive management in Puget Sound recovery.

## What should NEP funds be spent on?

Because the National Estuary Program focuses on *maintaining the integrity of the whole system -- its chemical, physical, and biological properties, as well as its economic, recreational, and aesthetic values*, NEP funds are uniquely targeted to support ecosystem-wide, holistic programs. NEP funds should complement rather than supplement other resources targeted on critical ecosystem components (e.g., water pollution via the Clean Water Act) and valuable species (e.g., salmon through the Endangered Species Act) by supporting critical elements the recovery effort that are otherwise poorly supported. Among the most pressing science and research needs are:

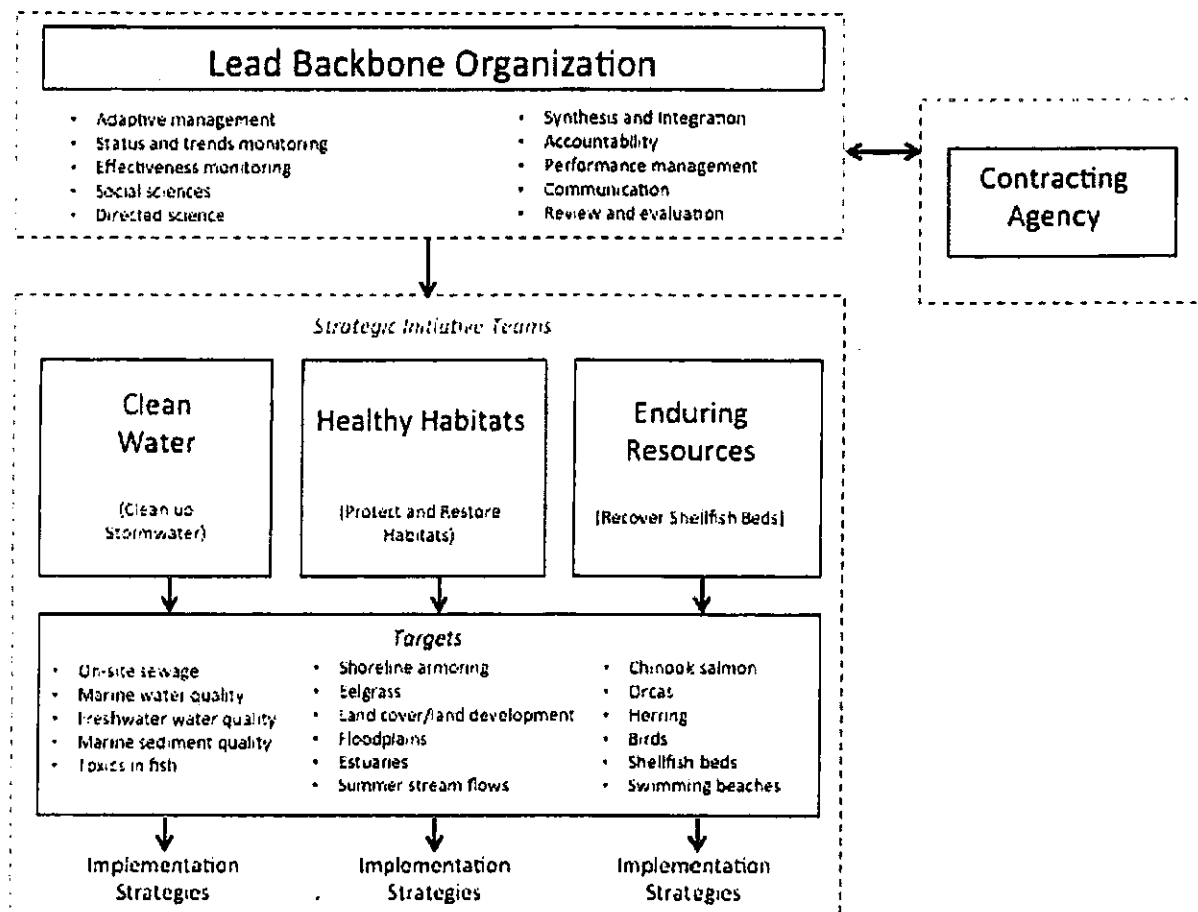
1. ***Deliberate and sustained development of tools and analysis in support of adaptive management (AM).*** AM is our 'default' approach to ecosystem recovery. If AM happens at all, however, it is rarely by design. The main reason we are not 'learning our way to recovery' very effectively is that AM is rarely supported directly. An idealized AM cycle is depicted in Appendix 2, presenting a guide, not a prescription, for defining and testing assumptions about how recovery actions should lead to recovery. In addition, we have developed guidance on AM for use in the Puget Sound recovery process (Redman et al. 2013<sup>1</sup>). Direct support for AM would allow ecosystem management and decision making in Puget Sound to be functionally (as opposed to nominally) adaptive.
2. ***Development and recurrent adaptation of consistent Implementation Strategies*** for Vital Sign recovery targets (other than those for which strategic recovery plans already exist, e.g., endangered species) that specifically addresses the management portion of the AM process.
3. ***Design and coordination of monitoring***, including ecosystem status and trends (e.g., by PSEMP), and effectiveness of actions. Support would allow:
  - monitoring programs to be prioritized by and coordinated among implementation strategies; and
  - design of a prospective (as opposed to retrospective) program for effectiveness monitoring, and narrative reporting of progress.
4. ***Identification of critical uncertainties and development and use of tools to prioritize actions:*** Past expenditure of NEP funds on resolving critical uncertainties yielded important gains (e.g. 2014-16 Biennial Science Work Plan, Part I). The Science Panel recommends that support continues for these activities, emphasizing those that are prioritized in Implementation Strategies, to enhance the integration of science with recovery.

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<sup>1</sup> Scott Redman, Karl Stiles, Martha Neuman, Nathalie Hamel, Alana Knaster, Ken Dzinbal, Alex Mitchell, Katherine Boyd, Rebecca Ponzio, Ken Currens, Tracy Collier. Puget Sound Partnership's Framework for Adaptive Management, Puget Sound Partnership Technical Report

## How should NEP funds be disbursed?

The broad goal is to develop a funding model that balances the desire to focus on strategic initiatives while maintaining an ecosystem-level approach and delivering the science and technical support for recovery. A wide range of models was considered. Ultimately, it was concluded that the key elements of a recovery strategy (policy, science, management, and assessment) would be better coordinated by single lead “backbone” entity (roles sketched in Appendix 3). Accordingly, the Science Panel recommends a model in which the LO manages three Strategic Initiative Teams. EPA should work with this LO to learn from and build upon the prior funding model. The Science Panel recommends that the Puget Sound Partnership, after strategic enhancements, serves as the Lead Organization, perhaps in collaboration with the Recreation and Conservation Office (RCO). The RCO would assist the PSP in conducting competitions for funding and disbursing available funds. This builds on existing capabilities (e.g., execution of the WA state portion of the Pacific Coast Recovery Fund).



## Funding allocations

With reference to EPA's suggested process for allocations ('Straw Model' slide in EPA presentation), a more streamlined sequence might be:

- a) Vital Sign Recovery Groups (VSRGs) produce Implementation Strategies specifying priorities for action and research *for the next funding cycle* (if possible, with suggestions for effectiveness monitoring).
- b) Each of the three Strategic Initiative Teams 'rolls up' recommendations from their VSRGs. This entails that the difficult task of prioritizing research and actions is done, and re-done each cycle, by the VSRGs. Priorities are set with some understanding of amount of funds available, from EPA, and from other potential sources. Implementation Strategies state which priorities will compete for funding from specified sources.
- c) SP compiles lists of prioritized actions and research from implementation strategies, and approves research, with commentary and recommendations. LC and ECB approve actions with commentary and recommendations.
- d) Allocation Committee (representatives of LC, ECB, SP, EPA, maybe also chairs of LOs) assesses recommendations, and approves allocation formula by Implementation Strategy.
- e) Proposals are solicited. PSP in coordination with RCO conducts the review and a panel of PSP Director and representatives from the LC, ECB and SP select proposals (similar to NIH).

cc.

Katharine Wellman, Vice-Chair, PSP Science Panel  
PSP Science Panel Members  
Martha Kongsgaard, Chair, PSP Science Panel  
Sheida Sahandy, Executive Director, PSP

## Appendix 1: NEP funding relative to the overall budget for Puget Sound recovery, 2008-2014

Puget Sound recovery is funded from many partially coordinated sources, so describing an 'overall' budget is not straightforward.

### *Summaries of total budgets from three sources:*

- In a *DRAFT Financing Chapter: November 6, 2008*, PSP estimated the total expended on recovery to be \$60 million *per year* on Action Agenda items, plus \$120 million *per year* by agencies other than PSP, using funds that "may be constrained by law for specific purposes" (e.g., wastewater treatment).
- In Chapter 2 of the *2013 State of the Sound* total expenditure on recovery in FY13-15 (that is, *over three years*) was reported to be \$288 million (Table 2.1), 82% through state agencies (Table 2.2), with 58% spent on the three 'strategic initiatives' (protecting habitat, preventing pollution from urban storm water runoff, and recovering shellfish; Table 2.3).
- In a report to the ECB entitled *Funding Strategy for the Strategic Initiatives from the 2012-2013 Puget Sound Action Agenda, Volume 1: Summary of Findings and Recommendations* (September 10, 2014) annual overall spending on the three 'strategic initiatives' (protecting habitat, preventing pollution from urban storm water runoff, and recovering shellfish) was estimated to be about \$600 million, the majority (80%) on storm water.

### *NEP funds:*

Table 2.5 of the *2013 State of the Sound* summarized declining NEP funding amounts from \$49.86 million in 2010 to \$28.27 in 2013. The estimated total in 2014\* is \$15.8 million.

\* source: <https://www.cfda.gov/index?s=program&mode=form&tab=core&id=1051c39495b77b7263835b374abd831d>

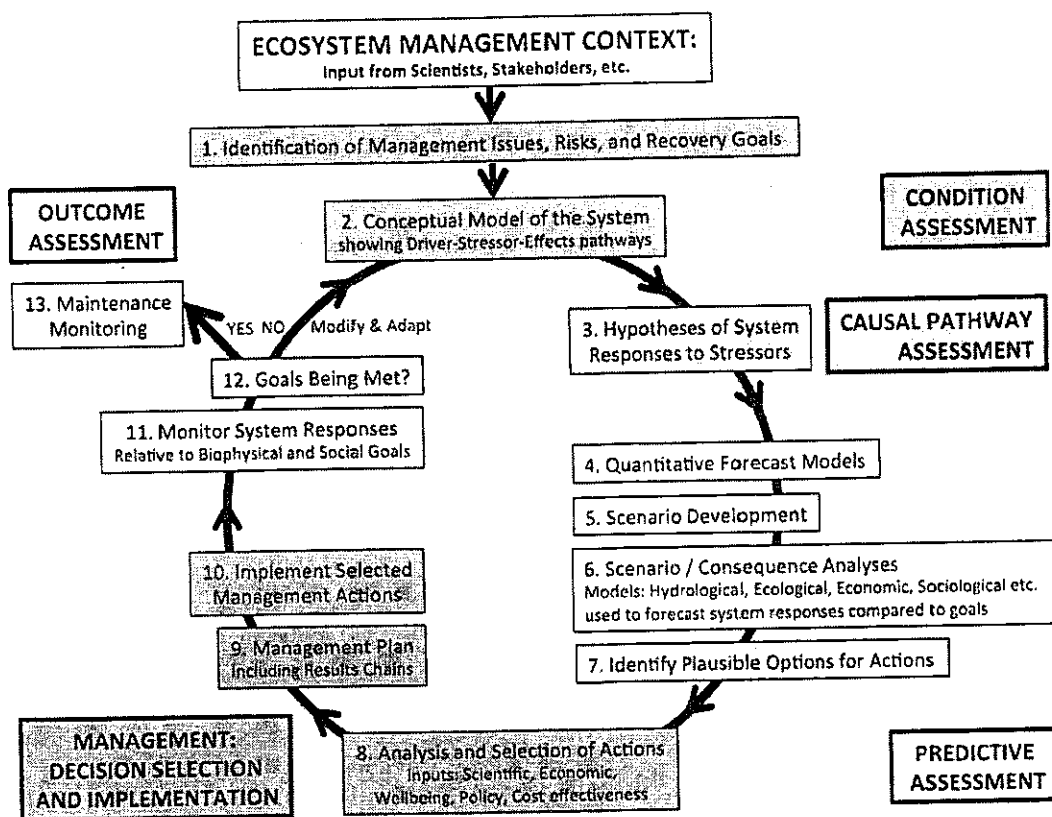
## Appendix 2: The cycle of adaptive management in ecosystem recovery

A recent paper entitled *An integrated framework for informing coastal and marine ecosystem management decisions* described and graphically summarized the principal logic, elements, and actions of a generic protocol for adaptive ecosystem management (reproduced below with little modification from Reiter et al. 2013, Journal of Environmental Assessment Policy and Management Vol. 15, No. 1). This paper builds on years of foundational research demonstrating the value of adaptive management in ecosystem-based science and management

The protocol is divided into five phases:

1. Condition Assessment ("What are the problems?"),
2. Causal Pathway Assessment ("What causes the problems?"),
3. Predictive Assessment ("What are the consequences of solving the problems?"),
4. Management, involving selection and implementation of remedial actions, and
5. Outcome Assessment ("Did the solutions work?").

Past recovery efforts in Puget Sound have emphasized a set of fixes over an integrated decision making process through adaptive management and was, largely in the interests of expedience and a looming recovery deadline. A consequence is that we are finding recovery has been slower than expected and without the assessment support to learn from and adapt recovery strategies.



### **Appendix 3: Role of Lead Organization**

**Purpose:** To define effective pathways towards Puget Sound recovery, and coordinate progress towards goals among recovery partners; to insure consistency, rigor, and transparency across the Partnership that is continually self-critical and committed to the principles of adaptive management.

#### **Management...**

*may seek input from:*

- Executive Director, Northwest Indian Fisheries Commission
- Director of the Puget Sound Institute
- Lead of the U.S. EPA Puget Sound Team
- Environmental caucus
- Chair of PSEMP Steering Committee
- Puget Sound Science Panel
- Regional Scientists via the *Encyclopedia of Puget Sound* Editorial Advisory Board
- Executives, managers, and staff at federal agencies (not just resource agencies, e.g., includes Dept of Health, state Dept. of Commerce)
- Local government
- Tribal government
- Business community

*is supported by:*

- Puget Sound Partnership science team
  - PSEMP staff
  - Effectiveness and Performance Management staff
- Puget Sound Institute science staff
  - Lead Social Scientist
  - Lead Ecosystem Ecologist
  - Managing Editor, *Encyclopedia of Puget Sound*
  - Ecosystem Recovery Scientist

*is responsible for:*

- Insuring consistency and balance across all implementation strategies developed by the three Strategic Initiative LO's
- Coordinating scientific and technical assistance to the three Strategic Initiative teams
- Preparing an annual operating budget to provide the necessary resources to:
  - Integrate findings from the three Strategic Initiative LO's within an adaptive management framework
  - Identify and commission the development and implementation of key tools and information required by the three Strategic Initiative LO's
  - support long term, sustained environmental observations to assess ecosystem status and trends and effectiveness of implementation strategies
  - identify and commission studies in response to or in anticipation of critical uncertainties and emerging issues

- evaluate and evolve vital signs and underlying indicators
- narrate stories of success and challenges.

### **Composition and roles of Strategic Initiative Teams**

**Purpose:** To insure informed, effective, coordinated and sustained efforts to meet the Puget Sound restoration goals.

#### ***Each Strategic Initiative team...***

*may seek input from leaders, senior managers, or representatives of:*

- tribes
- state agency with legislative mandate
- federal agency with legislative mandate
- local jurisdiction program, agency, utility
- relevant NGOs
- business community
- EPA Puget Sound Team
- ECB Finance Workgroup

*is supported by:*

- PSEMP representative

*is assisted by:*

- consistency across Implementation Strategies
- synthesis and integration of technical information
- decision sciences
- social sciences
- communication
- meeting facilitation

*is responsible for:*

- Developing Implementation Strategies, likely by creating Vital Sign Recovery Groups of experts for each recovery target
- Preparing annual operating budget proposal to provide the necessary resources to first develop initial implementation strategies and then to identify, prioritize, and commission:
  - analysis and integration of existing information to refine implementation strategies,
  - coordination of relevant restoration and protection work across all tribal, local, state, and federal programs
  - effectiveness monitoring studies
  - reporting of progress toward goals (i.e., contribute to the *State of the Sound* report)
  - periodic external review of program elements
- Reporting to Leadership Council progress towards meeting goals

San Juans Local Integrating Organization  
Action Agenda Oversight Group  
Accountability Oversight Committee  
135 Rhone St.  
Friday Harbor, WA 98250

---

November 26, 2014

Angela Bonifaci  
Puget Sound Team Lead  
EPA Region 10  
1200 Sixth Avenue, Suite 900  
Seattle, WA 98101  
Bonifaci.angela@epa.gov

Re: San Juans Local Integrating Organization Comments on EPA's Straw Funding Models  
for EPA Puget Sound Geographic Program Appropriation in FY16 and Beyond

Dear Ms. Bonifaci:

Thank you for the opportunity to comment on the EPA's Straw Funding Models for EPA Puget Sound. The proposed changes to the National Estuary Program funding model and the way it is distributed in the Puget Sound Basin will directly impact our island community and ecosystem, and we recognize the significance of the potential implications. We appreciate the opportunity to have our voice be heard.

The San Juans Local Integrating Organization (SJ LIO) supports a model that delivers the following:

- increases opportunities for direct funding to locals;
- increases predictability of funding from year to year;
- increases transparency of funding policies and decision-making;
- reduces administrative burden on both applicants and Lead Organizations;
- streamlines the sub-award processes;
- addressed treaty-rights-at-risk priorities;
- implements the Action Agenda as defined by the local LIO; and
- incorporates science-based guidance for recovery efforts at a both a local and regional scale.

Additionally, we feel it is imperative that the EPA involve LIOs in the development of the implementation strategies and priorities. Our LIO has worked diligently with the PSP on a quantifiable, defensible process to establish local priorities known as near-term actions (NTAs). These priorities were selected based on the local ecological significance and a careful consideration of the risks threatening the long term health of our communities and Puget Sound. We are facing an unprecedented growth in the marine shipping of fossil fuels through our waters. Our LIO has and continues to name this issue as our top priority. Yet to date, the Partnership has not included this looming issue in the currently suggested five

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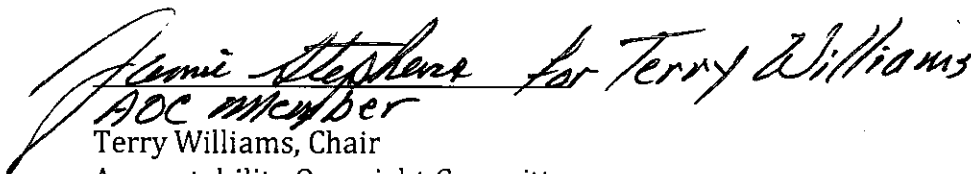
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strategic initiatives. Similarly, the prevention of hard armoring of our shorelines is key to protecting habitat used by numerous endangered species. Adoption of a process that excludes direct funding of NTAs that address these top priorities would be detrimental to our local ecosystem recovery implementation efforts and would delay Puget Sound recovery.

The San Juans LIO appreciates all of the work that has gone into development of the straw funding proposals. We believe implementation of the Action Agenda can be best accomplished with a funding model as depicted in the attached diagram. This model has been developed through multiple discussions with numerous LIOs and Tribes and has been endorsed by the Northwest Indian Fish Commission Board of Commissioners. It addresses local priorities for Action Agenda implementation through direct grants to LIOs with competition for funds at the local level. It also ensures consistency with the Action Agenda with review of projects by a regional science panel. The model also directs a portion of NEP funding to regional initiatives.

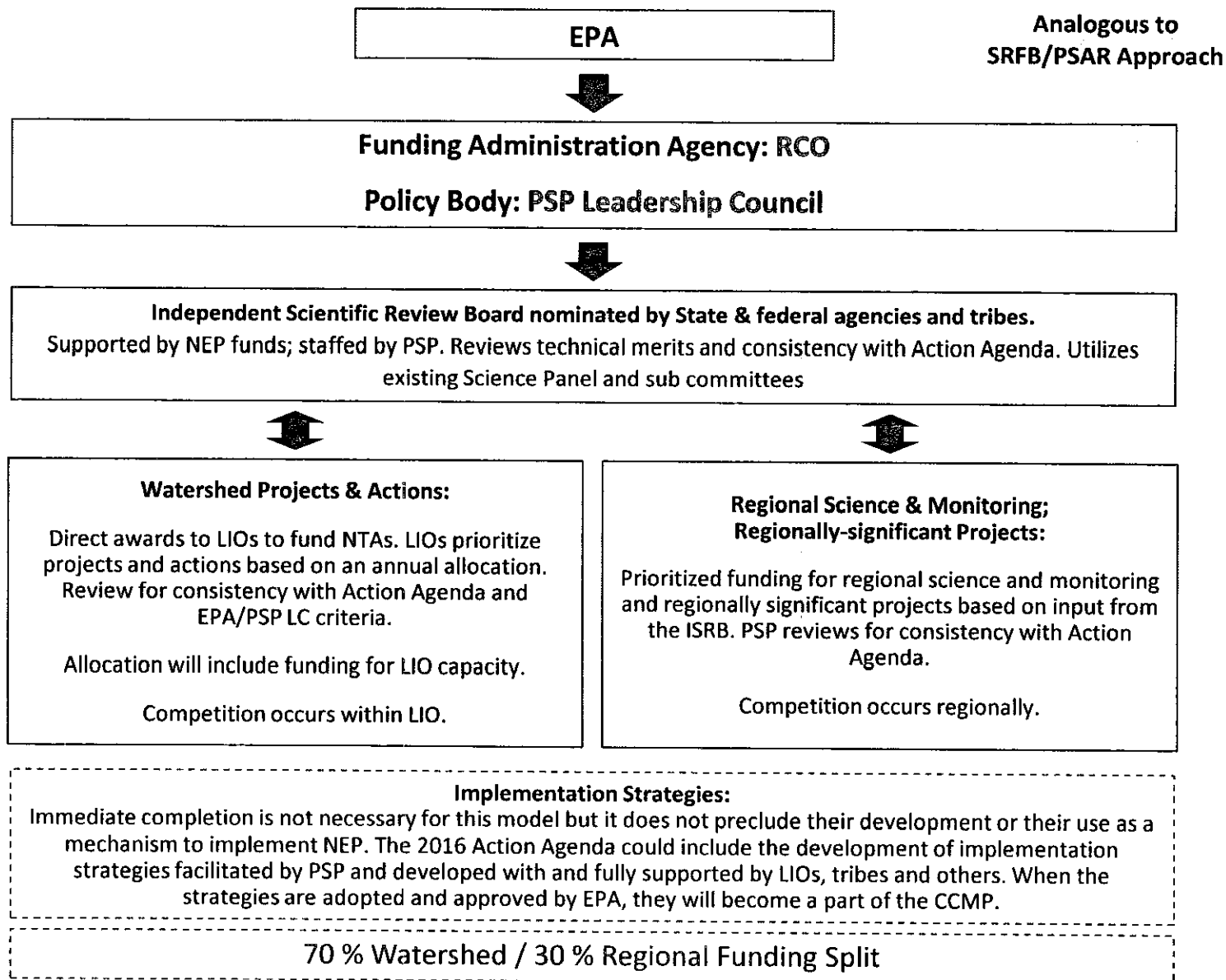
Thank you for your consideration of our feedback on your proposed EPA Straw Funding Models. The San Juan AOC-LIO looks forward to the improvements to the NEP funding process and allocations.

Respectfully,

  
AOC member

Terry Williams, Chair  
Accountability Oversight Committee  
Action Agenda Oversight Group (San Juan Local Integrating Organization)

**Joint Northwest Indian Fisheries Commission and Local Integrating Organization**  
**Proposal for an Alternative Approach to Allocation of NEP Funding in 2016 and Beyond —November, 2014**





# San Juan County Council

350 Court Street No. 1  
Friday Harbor, WA  
98250  
(360) 378 - 2898

District 1, Bob Jarman  
District 2, Rick Hughes  
District 3, Jamie Stephens

November 26, 2014

Angela Bonifaci  
Puget Sound Team Lead  
EPA Region 10  
1200 Sixth Avenue, Suite 900  
Seattle, WA 98101  
Bonifaci.angela@epa.gov

Re: San Juans Local Integrating Organization Comments on EPA's Straw Funding Models for  
EPA Puget Sound Geographic Program Appropriation in FY16 and Beyond

Dear Ms. Bonifaci:

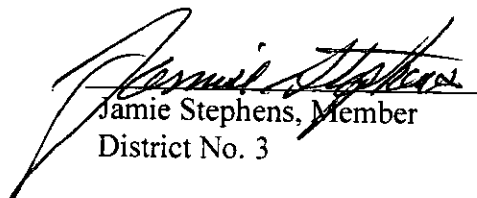
The San Juan County Council endorses the San Juans Local Integrating Organization (SJLIO) comments and Joint Northwest Indian Fisheries Commission and Local Integrating Organization funding model proposal which are enclosed. We feel this model provides transparency, consistent funding for local projects, and will move more funding to projects at the local or regional area faster. This funding model will help garner public support and engagement in the important work of protecting and restoring the Puget Sound.

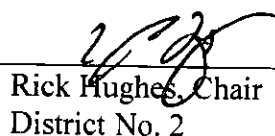
We believe that this model allows for us to implement the ecosystem pressures identified in the action agenda for our area: protection of the near shore environment, protection against and response to oil spills, and storm water management.

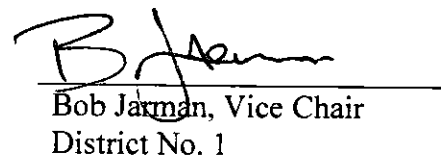
Thank you for your consideration of all comments concerning the structure and direction of these funds in the future.

Sincerely,

**SAN JUAN COUNTY COUNCIL**

  
Jamie Stephens, Member  
District No. 3

  
Rick Hughes, Chair  
District No. 2

  
Bob Jarman, Vice Chair  
District No. 1



Angela Bonifaci  
Puget Sound Team  
Office of Ecosystems, Tribal and Public Affairs  
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(206) 523-8243 ext. 38  
[susann@seattleaudubon.org](mailto:susann@seattleaudubon.org)

Re: Comments on the proposed EPA funding models concerning the Puget Sound Partnership

Dear Ms. Bonifaci:

Thank you for the presentation at the Puget Sound Environmental Caucus on the proposals for EPA funding. We applaud the efforts to make the funding mechanisms more transparent and predictable than the current model.

As was noted in the presentation, the development of Implementation Strategies is a critical aspect of the funding models. We are concerned that the development of these strategies may not be adequately inclusive and transparent. We urge the EPA to use its influence to ensure the openness of this process.

Similarly, the modification and update of the Action Agenda, including the identification of Near-Term Actions and Strategies, should also be inclusive and transparent. In the past, while drafts of the AA were available, the final selection of NTAs and Strategies were not as transparent. Additionally, these selections were often weighted toward specific regions and special interests. The concept of *the squeaky wheel gets the grease* is not a very robust funding model for ecosystem protection and recovery. Instead, EPA money should be used for projects that have the best chances of providing substantial improvement to the Puget Sound ecosystem. This, of course, requires that sound science be used in this process.

We are not prepared to select any of the funding models presented. However, we hope the following concerns are addressed in the selection and development of a funding model.

- **Small grants produce big results.** Many citizen groups provide very large returns on investment due to their vast volunteer resources. For example, the PSEMP Bird Inventory of Puget Sound

Monitoring showed that at least 8,000 citizen-science hours per year were involved in monitoring. Similarly, the Marine Mammal Inventory revealed that over 16,000 citizen-science hours per year were involved in monitoring. Additionally, many of these citizen-science programs provide resources that could not be duplicated by others. For example, Seattle Audubon's Puget Sound Seabird Survey is able to conduct nearly simultaneous monthly surveys at over 90 locations throughout the Sound. These widespread snapshots of bird diversity and relative abundance could not be conducted without the vast resources of citizen science. Therefore, the availability of small grants to NGOs and others can be highly productive. Unfortunately, acquiring these grants is cumbersome for many of the NGOs and citizen groups, many who have extremely limited, if any, staff. An efficient, transparent, and manageable way of providing small grants and sub-awards would be a very effective way to enhance monitoring and other science throughout the Sound.

- **Citizen programs foster stewardship.** Whether participation is through citizen-science programs, stewardship committees, or direct involvement in decision-making, citizen participation provides a sense of ownership of our environment. For example, the EPA-funded work by WEC to help develop citizen stewardship and citizen-science programs in the aquatic reserves of Puget Sound has been a dramatic success, with citizen stewardship committees and multiple citizen-science monitoring programs established in five reserves. These committees and monitoring programs continue to flourish despite the EPA funding ended. Funding that encourages the development of citizen groups should be prioritized. Additionally, citizens will only feel empowered and involved if their actions are considered. Therefore, any funding model should ensure the inclusiveness of citizens and citizen groups in all levels of decision-making.
- **Citizen groups provide much-needed oversight of agencies' activities.** Many agencies are influenced by many factors, such as the desire to preserve their budgets, regional political pressure, disproportionately powerful stakeholders, and just their lack of momentum to make necessary changes. Too often decisions are made behind closed doors at agencies and not communicated to the citizens until it is too late for meaningful input. While this is often associated with policy, it is also very common regarding the decision of what is funded and what is not. Once again, transparency and inclusiveness must be addressed in any funding model.
- **Grant administration must avoid conflict of interest.** Traditional local administration of grants has been done by state agencies or other local entities. Unfortunately, some of these organizations may have policies and programs that are not in the best interest of the Puget Sound ecosystem. Therefore, their selection of grants may be influenced by conflict of interest. For example, would WDFW be objective providing grants that could show their recent changes to the state's Hydraulic Code has substantially weakened protections, or would DNR approve grants that provide data that could challenge their forest practices? Absolute transparency and oversight is needed in the selection of local grant administrators, their development of RFPs, and their awards of grants and subgrants.

- **Monitoring should be required and funded.** Monitoring, both abundance and effectiveness monitoring, is essential. However, many projects do not incorporate adequate monitoring in their programs. Any funding model should include methods to provide or require sustainable and long-term funding.

Thank you for your time and effort to reach out and solicit input from the citizen group in our state.

Sincerely,

Susan North  
Seattle Audubon Society



## Skagit River System Cooperative

11426 Moorage Way • P.O. Box 368 LaConner, WA 98257-0368

Phone: 360-466-7228 • Fax: 360-466-4047 • [www.skagitcoop.org](http://www.skagitcoop.org)

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November 25, 2014

Angela Bonifaci  
Puget Sound Team Lead  
EPA Region 10

Electronic Correspondence

Reference: EPA Funding Models for NEP Funds for Puget Sound FY2016

Dear Ms. Bonifaci:

Skagit River System Cooperative (SRSC) makes the following comments on behalf of the Swinomish Indian Tribal Community and the Sauk-Suiattle Indian Tribe. The Swinomish Tribe and Sauk-Suiattle Tribe are federally recognized tribes and signatories to the Treaty of Point Elliott of 1855. Distribution and implementation of National Estuary Program (NEP) funds may have a profound effect on environmental resources that are critical to the Tribes. SRSC participates with local partners in implementation of the Puget Sound Action Agenda in two Local Integrating Organizations (LIO) recognized by the Puget Sound Partnership (San Juan and Island), and is currently working with Skagit County to form an LIO for the Skagit. SRSC has also put a great deal of effort into development of local priorities for recovery of Puget Sound Chinook and the protection of local waters. .

SRSC has reviewed the EPA's straw funding models for distribution of NEP funds beginning with the FY 2016 awards and appreciates the subsequent outreach sessions with local partners. SRSC staff attended both the Tribal session and the LIO session. SRSC is seeking a funding model that improves upon the current Lead Organization model which has lacked predictability and flexibility necessary to implement local Action Agenda priorities. We feel that it is important to direct NEP funding toward implementing local priorities consistent with the Action Agenda while recognizing some efforts would be most effective at a regional scale. We also believe it is important that implementation of NEP funding be based upon best available science and recommend projects withstand scrutiny of a scientific review panel.

SRSC appreciates all of the work that has gone into development of the straw funding proposals but believes implementation of the Action Agenda can be best accomplished with a funding model (see attached) that has been developed through multiple discussions with numerous LIOs and numerous Tribes. The draft funding model has been endorsed by the Northwest Indian Fish Commission Board of Commissioners. This model addresses local priorities for Action Agenda implantation through direct grants to LIOs with competition for funds at the local level and

review by a regional science panel to ensure consistency with the Action Agenda. The model also directs a portion of NEP funding to regional initiatives.

Lastly SRSC is concerned with the proposal that PSP Strategic Initiatives might become the major criteria for implementation of NEP funds. Implementation strategies developed at the regional level may not reflect local priorities and may unduly narrow the focus of Action Agenda implementation. Narrowly focused implementation strategies may not account differential importance of varied habitats in Puget Sound. For instance the draft implementation strategies we have seen for habitat are *Eelgrass, Floodplains, and Estuaries* which are all important in Puget Sound recovery but marine nearshore habitats are also vital in Island County and San Juan County and may other areas of Puget Sound. It would be counterproductive if shoreline armoring could not be addressed with future NEP funds because marine nearshore habitat is not one of the implementation strategies. If implementation strategies are to play a role in implementation of NEP funding there should be a transparent approach to their development with local input between now and 2016.

Again SRSC appreciates the EPA's development of alternative models for NEP funding and the opportunity to comment on the process. We look forward to continuing our partnership with EPA, the PSP, other Tribes, and local governments, working toward Puget Sound recovery through the National Estuary Program. If you have any questions about our comments please call me at (360) 466-1512 or email [swalsh@skagitcoop.org](mailto:swalsh@skagitcoop.org).

Sincerely,



Stan Walsh  
Environmental Services Manager  
Skagit River System Cooperative

Cc: Lorraine Loomis (Swinomish Tribe)  
Jason Joseph (Sauk-Suiattle Tribe)  
Dan Berenston (Director Skagit County Public Works)

## Bonifaci, Angela

---

**From:** Davis, Jay <jay\_davis@fws.gov>  
**Sent:** Monday, December 01, 2014 3:03 PM  
**To:** Bonifaci, Angela  
**Cc:** Nathaniel Scholz; John Stark  
**Subject:** Fwd: FW: Straw model presentation  
**Attachments:** Straw Allocation Models for EPA Puget Sound Program\_EC10-22-14.pptx

Hi Angela:

Thank you for the opportunity to comment on EPA's future appropriations strategy for Puget Sound funds. As you know our on-going stormwater work addresses several of the priorities for your program including: Tribal Treaty Rights at Risk issues; supporting the Puget Sound Partnership via the action agenda, vital signs/indicators, as well as addressing threats and drivers; working with the local municipalities and communities on what has been considered the greatest threat to the health and recovery of Puget Sound; etc. While we understand why EPA moved to the Lead Organization (LO) model for distributing some of the funds for issues such as Toxics and Nutrients, as another federal agency we find the current process we have with you (i.e. entering into inter-agency agreements directly with EPA via the PS Federal Caucus) the most efficient and effective way to get conservation work done while limiting the indirects/overhead as much as possible. Even if we did successfully obtain funds for our stormwater work via one of the proposed models, when the money transfers from feds to say the state then back to the feds, much is lost due to administrative costs. So regardless of the straw model you select for distribution of the bulk of future appropriations, I urge you to maintain that direct funding avenue for priority work to be conducted by other federal agencies through the PSFC, and even increase that funding amount over the current 7% rate.

Thanks for listening - Happy Monday and Happy December,  
Jay

----- Forwarded message -----

**From:** Andy James <jamesca@uw.edu>  
**Date:** Wed, Nov 26, 2014 at 7:36 AM  
**Subject:** FW: Straw model presentation  
**To:** April Markiewicz <april.markiewicz@wwu.edu>, Bob Johnston <johnston@spawar.navy.mil>, "Bonifacio, Gina" <Bonifacio.Gina@epa.gov>, Brian Penttila <bipenttila@mindspring.com>, Connie Sullivan <casull@uw.edu>, "Cook, Kirk (AGR)" <KCook@agr.wa.gov>, "Counihan, Timothy" <tcounihan@usgs.gov>, Dave Peeler <davepeeler@hotmail.com>, "Davis, Jay" <jay\_davis@fws.gov>, Deborah Lester <deborah.lester@kingcounty.gov>, Denice Taylor <dtaylor@suquamish.nsn.us>, Gina Ylitalo <gina.ylitalo@noaa.gov>, "Glenn St. Amant" <gstamant@muckleshoot.nsn.us>, "Gockel, Catherine" <Gockel.Catherine@epa.gov>, Greg Pelieter <gpel461@ecy.wa.gov>, Heather Trim <heatrim@gmail.com>, "Hoffman, Erika" <Hoffman.Erika@epa.gov>, "Irvin R. Schultz" <irv.schultz@pnnl.gov>, Jeffrey Gaeckle <jeffrey.gaeckle@dnr.wa.gov>, "Jill Brandenberger@pnnl.gov" <jill.brandenberger@pnnl.gov>, Jim West <james.west@dfw.wa.gov>, Joan Hardy <joan.hardy@doh.wa.gov>, Karen Dinacola <kdin461@ecy.wa.gov>, Kathy Conn <kconn@usgs.gov>, Kathy Godtfredsen <kathyg@windwardenv.com>, Lincoln Loehr <LCLoehr@yahoo.com>, Lon Kissinger <kissinger.lon@epa.gov>, Maggie Dutch <mdut461@ecy.wa.gov>, "Morace, Jennifer" <jlmorace@usgs.gov>, "Nelson, Blake (ECY)" <bnel461@ecy.wa.gov>, "Norton, Dale (ECY)" <dnor461@ecy.wa.gov>, "ONeill, Sandra (DFW)" <Sandra.ONeill@dfw.wa.gov>, "Redman, Scott (PSP)" <scott.redman@psp.wa.gov>, Robert Black <rwblack@usgs.gov>, "Salter, Joel" <Salter.Joel@epa.gov>, "Soscia, Marylou" <Soscia.Marylou@epa.gov>, "Steward, Kara (ECY)" <kste461@ecy.wa.gov>

Dear members of the PSEMP Toxics Workgroup.

Attached is a presentation from the EPA Puget Sound team describing several potential funding models. I understand they are currently accepting comments on the material. If you have any questions please follow up with Gina.

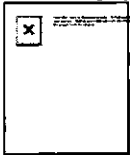
Thanks.

Andy

**From:** Bonifacino, Gina [mailto:[Bonifacino.Gina@epa.gov](mailto:Bonifacino.Gina@epa.gov)]  
**Sent:** Friday, November 21, 2014 8:59 AM  
**To:** Andy James  
**Subject:** Straw model presentation

--

Jay W. Davis  
Environmental Toxicologist  
U.S. Fish & Wildlife Service  
Washington Fish & Wildlife Office  
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Lacey, WA 98503  
(360) 753-9568 (voice)  
(360) 753-9407 (fax)  
e-mail: [jay\\_davis@fws.gov](mailto:jay_davis@fws.gov)



[http://www.fws.gov/wafwo/contaminants\\_new.html](http://www.fws.gov/wafwo/contaminants_new.html)

Want to know more about how we are protecting wildlife from contaminants?

Visit our Facebook page at: <http://on.fb.me/xUfg5u>



West Central Local Integrating Organization (LIO)

November 24, 2014

Angela Bonifaci  
Puget Sound Team Lead  
US EPA Region 10  
1200 Sixth Avenue; Suite 900  
Seattle, WA 98101

Re: Comments on Straw Funding Models for EPA Puget Sound Geographic Program Appropriation in FY16 and Beyond

Dear Ms. Bonafaci:

We appreciate the opportunity to comment on the above referenced subject. The West Central LIO represents the core of Central Puget Sound where a healthy Puget Sound ecosystem is vital to the quality of life enjoyed by local residents. We, the members of the West Central LIO, are leaders in ensuring that Puget Sound is restored and protected for present and future generations. We believe the US EPA funding for Puget Sound recovery is of paramount importance.

The West Central LIO worked throughout 2013 to identify threats, pressures, and potential actions to best recover Puget Sound's ecosystem. These subgroups developed a list of 24 Near-Term Actions (NTAs) that could be accomplished by the member jurisdictions within two years. Currently, the West Central LIO has secured funding for less than a quarter of the total costs of implementing all 24 NTAs, though some costs are still unknown. We are still lacking approximately \$15 million to fully implement the NTAs.

The West Central LIO participated in the September 26, 2014 EPA presentation held in Edmonds that convened local elected representatives of LIOs and Tribes. "Funding Model C: One Lead Organization" is the most supportable option, with some minor adjustments. Notwithstanding EPA's requirement for competitive awards, we observe that the Puget Sound Partnership (PSP) conducts business as a "backbone" agency and is, therefore, best organized and positioned to serve as the single lead organization. The Recreation and Conservation Office (RCO) could assist with grant administration through a contract arrangement between the RCO and PSP. PSP can become, with slight adjustments to its current capacity, the lead organization responsible to link federal funding to outcome-based implementation strategies across the three strategic initiatives: habitat,

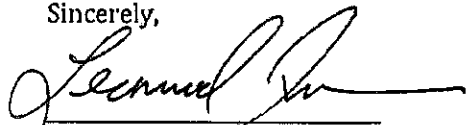
shellfish, and stormwater. To a certain extent, PSP is already achieving this. They require additional capacity to become fully functional for financial management and grant accountability authorities.

At the September 26 meeting in Edmonds, local and tribal stakeholders voiced their commitments to Puget Sound restoration and protection – and a strong desire for a funding model that is predictable, transparent, streamlined, and consistent with regional strategies enumerated in the Action Agenda. It is clear from the straw models presented that EPA's primary objective is to direct implementation funding to actions identified through developing implementation strategies. However, there is no explanation of how such strategies will be integrated with developing and implementing near-term strategies and actions at the LIO level. Local jurisdictions and tribes have collectively (and collaboratively) invested tremendous efforts to develop and coordinate local strategies and actions for the recovery of Puget Sound. We are now implementing many of those actions, and we request funding to do this important work with 70 percent of funding directed at the NTAs to be implemented at the local level. In addition, we request the opportunity to review the grant administration process, as well as the formulation of criteria that will be used to administer grants to LIOs and NTAs. As LIOs move into the next round of near-term action development, it is essential that we understand how and where these efforts fit into a new funding model for Puget Sound.

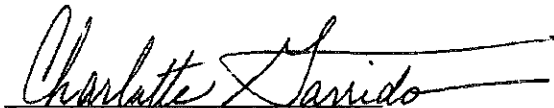
Development and execution of implementation strategies through the lens of the National Estuary Program is presumed to be the focus for future collaboration of the invested stakeholders convened around PSP. Each strategic initiative could be supported by multi-stakeholder implementation strategy technical and policy teams charged with developing strategies that 1) are supported by science, 2) reflect the diverse interests and geographies in Puget Sound, 3) clearly enumerate the prioritized and sequenced actions needed for Puget Sound recovery, and 4) are timely. **Most importantly, the structure of strategic initiative council and implementation strategies technical teams can and should deliberately involve LIO representation.** The current state agency lead organization model cannot foster this level of transparency, collaboration, and stakeholder partnership.

Local and tribal governments have already invested thousands of hours in developing and implementing these NTAs. As such, EPA must take seriously the desire, proven ability, and cooperative spirit that LIOs possess to advance and achieve Puget Sound recovery, restoration, and protection. Please inform our LIO of any action that is taken with respect to this letter and to the subject matter discussed. Thank you for your continued cooperative work on this important matter.

Sincerely,



Leonard Forsman  
Chair, West Central LIO Executive Committee  
Chairman, Suquamish Tribe



Charlotte Garrido  
Vice Chair, West Central LIO Executive Committee  
Commissioner, Kitsap County

As a result of the discussion on November 21, 2014, we sign on behalf of the following member jurisdictions of the West Central LIO Executive Committee:

- |                             |                               |
|-----------------------------|-------------------------------|
| ➤ City of Bainbridge Island | ➤ Port Gamble S'Klallam Tribe |
| ➤ City of Bremerton         | ➤ City of Port Orchard        |
| ➤ City of Gig Harbor        | ➤ City of Poulso              |
| ➤ Kitsap County             | ➤ Suquamish Tribe             |
| ➤ Pierce County             |                               |



Cc:

West Central LIO Executive Committee members

West Central LIO Working Group members

U.S. EPA Region 10 Administrator Dennis McLerran

Hon. Senator Patty Murray

Hon. Senator Maria Cantwell

Hon. Representative Derek Kilmer

Hon. State Senator Christine Rolfes

Hon. State Senator Jan Angel

Hon. State Representative Sherry Appleton

Hon. State Representative Drew Hansen

Hon. State Representative Jesse Young

Hon. State Representative Larry Seaquist

Puget Sound Partnership Leadership Council, c/o Martha Kongsgaard

Puget Sound Partnership Executive Director Sheida Sahandy



## WRIA1 INTEGRATED PROGRAM MANAGEMENT

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### WRIA 1 Salmon Recovery Board

Bellingham • Blaine • Everson • Ferndale • Lynden • Nooksack • Sumas • Whatcom County • Lummi Nation • Nooksack Indian Tribe • Washington Department of Fish and Wildlife

### WRIA 1 Joint Board

Bellingham • Lummi Nation • Nooksack Indian Tribe • Puget Utility District No. 1 • Whatcom County

Copy to  
• Rick  
• Angela

November 13, 2014

Chris Castner  
Puget Sound Geographic Program  
Office of Water & Watersheds – OWW 137  
US Environmental Protection Agency – Region 10  
1200 Sixth Ave., Suite 900  
Seattle, WA 98101

Re: National Estuary Program (NEP) Funding Allocation Models for Puget Sound

Dear Mr. Castner

The WRIA 1 Joint Board and WRIA 1 Salmon Recovery Board (WRIA 1 Policy Boards) thank you for the opportunity to provide feedback on the future distribution of federal NEP funds. In its function as the Whatcom Local Integrating Organization (LIO), the WRIA 1 Policy Boards recognize and appreciate the important role that the NEP plays in recovery of Puget Sound.

The WRIA 1 Policy Boards are committed to advancing science-based recovery priorities for the Nooksack River, coastal streams, and nearshore habitats. We wish to do so in a coherent and comprehensive manner as expressed through the Puget Sound Partnership's Action Agenda. The WRIA 1 Policy Boards ask EPA to ensure that federal funding supports this effort from the ground up. We see the NEP funding allocation models as one way to demonstrate that support.

We see two major obstacles under the current model. First, there is lack of deference to local priorities. Second, the funding time-frame is too short. The optimum NEP funding model will be built on (1) best knowledge of local stream, estuary and near-shore ecology, (2) best knowledge of local project delivery mechanisms, and (3) best knowledge of public outreach channels. All of these lie with local governments and Tribes who, inasmuch as proposed work is consistent with state and federal Puget Sound recovery priorities, should receive direct consideration from EPA.

We envision that Federal NEP funds would be allocated to LIOs in multi-year increments upon pre-approved work plans. This approach reduces levels of administration and results in a more direct approach for funding on-the-ground actions. Ultimately, the funding stream for Puget Sound recovery must be predictable over a longer time frame of at least four to five years in order to be effective. Shorter time frames result in local governments making long-term plans using unsecured revenues that cannot be incorporated into local agency budgets. The trend in local government finance is toward longer (two year) budgeting; therefore, local dollars are tied up further in advance, a negative implication for matching annual grants. All of these factors are escalated by the leverage that local contributions provide to state and federal restoration investments.

In addition to longer term funding of priority actions, LIOs also need long-term funding for administrative tasks that support state and federal priorities. Currently, LIOs receive very limited annual grants (we received \$75,000 for 2015) to support updating the action agenda, developing and implementing local grant programs, administering grants, and otherwise participating in Puget Sound Partnership recovery processes. This places a relatively high administrative burden on local governments to repeatedly apply for capacity funding and does not provide the stability needed to develop a sustainable administrative basis. With longer term funding, LIOs could develop an administrative program and give local governments the incentive to be more involved in the recovery of Puget Sound (Ecosystem Coordination Board or Salmon Recovery Council involvement, for example). Currently, there is very little capacity or incentive to do so.

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LIOs must be more involved in the development, prioritization and implementation of the Action Agenda to protect and restore the Puget Sound ecosystem. The successful model will allow streamlined funding for action agenda items as these items have already been vetted to ensure that they advance local priorities that further regional goals. This model incorporates more local influence in the identification and prioritization of threats, strategies and actions to protect and restore the Puget Sound Regional Ecosystem. Local influence and empowerment is the key to growing community support for recovery investments. Local influence inspires intergovernmental agreement on actions required to materially improve habitat.

Thank you, again, for this opportunity to express our needs as you consider the future federal funding model for the National Estuary Program and allocation of Puget Sound funding.

Sincerely,

WRIA 1 Joint Board:

Merle Jefferson, Lummi Nation

Bob Kelly, Nooksack Tribe

Kelli Linville, City of Bellingham

Jack Louws, Whatcom County

Stephen Jilk, Public Utility District No. 1

WRIA 1 Salmon Recovery Board:

Salmon Co-Manager Caucus Representative

Local Government Caucus Representative

CC: Sheida Sahandy, Executive Director, Puget Sound Partnership