



2018 GUIDANCE TO STRATEGIC INITIATIVE LEADS

For the

Implementation of the 2018 Action Agenda and Funding of Activities

Final Date: June 19, 2018

Revised version of 2017 guidance that reflects Leadership Council recommendations and lessons learned from the previous funding processes led by the Strategic Initiative Leads.

Objective: Funding decisions made by the Strategic Initiative Leads, and associated processes led by Strategic Initiative Leads, will be to implement the 2018 Puget Sound Action Agenda in a manner that is efficient, effective, transparent and well understood.

What this Document Is and What It Is Not

The purpose of this document is for the EPA Puget Sound National Estuary Program to provide guidance to the three Strategic Initiative Lead Agencies to inform their funding decisions and processes in their implementation of the 2018 Action Agenda with funds from the Puget Sound Geographic Funds appropriation in Federal fiscal year 2018 (FY18). The 2018 Action Agenda consists of a Comprehensive Plan, an Implementation Plan with Near-Term Actions that have been evaluated and tiered, and the 2016-2018 Biennial Science Work Plan. The funding of critical gaps identified as important to priority environmental outcomes as expressed in the 2018 Action Agenda may also be funded if strongly justified.

This document does not address activities within the cooperative agreement workplans between EPA and the Strategic Initiative Leads other than the funding of the 2018 Action Agenda as described above.

This document does not provide a comprehensive description of EPA's current funding model, and it does not define or describe the Puget Sound National Estuary Program Management Conference. For more information on these topics, please visit the Puget Sound Partnership's website at www.psp.wa.gov.

I. Background

The Puget Sound Action Agenda serves as the Comprehensive Conservation and Management Plan (CCMP) required for each EPA National Estuary Program. A new EPA Puget Sound funding model was initiated in 2015 to better align investments with the Strategic Initiatives and Vital Signs in the Puget Sound Action Agenda, to address various interests of stakeholders, and to improve on the Lead Organization model used to administer EPA Puget Sound Geographic Funds in previous years. 2018 is the third year implementing this funding model.

As part of the new model, EPA held a competition to select the organizations that would serve as Strategic Initiative (SI) Leads. The SI Leads are:

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

SI Leads have convened Strategic Initiative Advisory Teams (SIATs) to provide input to the SI Leads that informs Puget Sound Geographic Funds funding decisions. The SIAT members serve for two year terms, and the member rosters can be found here: <http://www.psp.wa.gov/strategic-initiatives-leads.php> (rosters beneath each of the SI headings). The SI Leads then make final decisions based primarily upon these recommendations and in accordance with the availability of funds. It is EPA's goal, based on direction provided by the Leadership Council, to focus most

closely on identifying priority Puget Sound Geographic Funding pathways for regional priorities in the Action Agenda utilizing developed Implementation Strategies as a structured decision-making tool.

II. Funding Decision Process

As the transition is made from the 2016 Action Agenda to the 2018 Action Agenda, EPA offers the following guidance to each of the SI Leads regarding the investment of FY18 Puget Sound Geographic Funds.

The 2018 Action Agenda is anticipated to be finalized and adopted by the Leadership Council by the end of 2018, with anticipated approval as the Puget Sound CCMP by EPA in early 2019. This funding guidance reflects the unprecedented level of effort and participation throughout the Puget Sound in the development of the 2018 regional priorities based upon a set of developed Implementation Strategies, and the associated solicitation for Near Term Actions (NTAs) that comprise the Implementation Plan portion of the Action Agenda.

The following factors make it possible and desirable to apply FY18 funds to the 2018 Action Agenda:

- (1) The 2018 regional priorities are informed by recent advances in both the local recovery plans and the Implementation Strategies work-to-date;
- (2) The 2018 regional priorities and approaches are developed for specific Vital Sign targets, which is a great advance in focus and strategy;
- (3) The 2016 Action Agenda received two years of EPA Puget Sound funding;
- (4) NTA owners of 2016 activities were encouraged to re-submit through the 2018 process if relevant and applicable; and
- (5) NTAs for the 2018 Action Agenda will be evaluated and tiered throughout summer 2018, will go out for public review during the fall of 2018 as part of the complete draft 2018 Action Agenda, and will be available for review for funding in winter 2018/2019. The set of Leadership Council fully adopted NTAs will be available in December 2018, and the CCMP approval by EPA is anticipated in February 2019. Funding of the 2018 Action Agenda can then proceed.

With the 2018 Action Agenda update currently underway, EPA strongly discourages the use of any RFPs by the SI Leads this year unless there is strong justification for such an effort.

The following framework describes the approach for SI Leads to develop subaward packages to be funded with FY18 Puget Sound Geographic Funds with these important notes: a) the list of NTAs in the Action Agenda is not developed with the sole intent of being a final funding list, b) the list of NTAs is not intended to be solely funded by Puget Sound Geographic Funds, and c) many NTAs are more appropriately funded using sources external to the Puget Sound Geographic Funds.

SI Leads/SIATs should justify their FY18 funding recommendations and decisions based on the criteria in this EPA funding guidance, using the Action Agenda NTA tiering as the starting point.

Each SI Lead has some flexibility to adapt the funding framework as necessary to achieve the best possible outcomes.

1. The SI Leads recruited the SIATs to develop funding recommendations for, and in collaboration with, the SI Leads.
2. The SIATs and SI Leads review the 2018 Action Agenda adopted by the Leadership Council (LC) and approved by EPA under the authority of the National Estuary Program.
3. The SIATs and SI Leads review the additional factors in Section III of this document to guide and inform the selection of investments from the 2018 Action Agenda for potential funding with Puget Sound Geographic Funds. The SIATs and SI Leads approach their work with the goal of identifying the activities and their sequence that can contribute most strategically to achieving the Puget Sound recovery goals published in the Action Agenda.
4. The SIATs and SI Leads perform a gap analysis to determine if there are *significant gaps* that need to be addressed to approach Puget Sound recovery more strategically and effectively. SIATs and SI Leads may fund gaps with their FY18 allocation **only** in very special cases with concurrence from the EPA Puget Sound NEP Program Manager.
5. EPA recommends that the SIATs and SI Leads consider additional information such as:
 - a. Lessons learned from the Lead Organizations involved in the previous EPA funding model, and from FY16 and FY17.
 - b. Information available on previously funded work that is similar or related to current NTAs. This could include the success of the activity in contributing to recovery goals, and evaluation of the activity sponsor's ability to meet stated objectives.
 - c. Information about the history of an activity (e.g., other phases).
 - d. Cross-cutting issues which have potential benefit or impact to multiple Vital Signs.
 - e. Activities that may be more appropriately funded through other sources.
 - f. Similar activities that could be combined.
 - g. Sequencing of activities to achieve better outcomes.
 - h. Climate impacts, effectiveness monitoring, and status and trends monitoring.

*EPA Project Officers as primary points of contact from EPA with SI Leads throughout this element, and others marked with an asterisk.

6. The SIATs make formal funding package recommendations to their respective SI Leads. This should include justifications for investments based on the factors in the funding guidance. The details of this process may differ across the SI Leads. For example, an SI Lead may opt for a highly collaborative process between the SIATs and the SI Lead that culminates in a draft funding list that is owned by both groups. Another SI Lead may choose to take a more hands-off approach and allow their SIATs to work more

independently to produce a recommendation. Whatever the approach, EPA expects that the SIL's manage a transparent and inclusive recommendation and decision-making process. *

7. The SI Leads review the SIAT recommendations, and confer with others as necessary (e.g., SIAT members, subject matter experts, agency management, etc.) and determine if they agree with the recommendations. *
8. The SI Leads share these recommendations with the Leadership Council (LC) and the Tribal Management Conference (TMC). Once this has occurred, the LC and the TMC have three weeks to provide overarching feedback to the SI Leads on the funding package recommendations. SI Leads are under no obligation to respond prior to making a final decision on the funding package for the current federal fiscal year.
9. After receiving feedback from the LC and TMC, the SI Leads have two or three weeks to produce final funding decisions.
10. EPA SI Lead Project Officers will observe and provide feedback on the process used by each SI Lead to develop the funding package to ensure that the SI outputs from this process are consistent with the workplan and applicable grant terms and conditions. It is the SI Lead's responsibility to ensure that potential subaward content, if selected for Puget Sound Geographic Funding, will comply with all applicable EPA grant terms and conditions (For example, the SI Lead must ensure that policies related to anti-lobbying and the collaborative nature of the NEP are adhered to by their subawardees.)
11. SI Leads transmit funding packages and supporting information to EPA Project Officers and the Puget Sound NEP Management Conference and the Tribal Management Conference.
12. SI Leads begin to negotiate subawards. EPA Project Officers may review the workplans and provide input but the SI Leads are responsible for ensuring that subaward workplans comply with all applicable EPA grant terms and conditions. EPA will provide oversight of primary award recipients to ensure that subawards are being adequately monitored and managed.

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

FY18 Puget Sound Geographic Funds must be used to implement NTAs identified in the 2018 Action Agenda, activities in the 2016-2018 Biennial Science Work Plan, or critical gaps identified as important to environmental outcomes as expressed in the Action Agenda. An important element of the current funding model is that Puget Sound Geographic funds may be directly awarded to NTA owners in some situations without further competition. All NTAs vetted and tiered within the 2018 Action Agenda are considered to have met the competition requirements for EPA Geographic Funds eligibility.

Given both the flexibility and limited amount of Puget Sound Geographic Funds, other factors beyond Action Agenda NTA tiering should be considered to maximize the best use of these funds. As such, use of additional criteria to guide investment decisions is warranted. The following are factors to assist in such analyses for FY18, with the first two factors being considered as most important.

- Tiering: NTA tier assignments should be the starting point for review and given serious consideration. As SIATs and SI Leads evaluate the tiered lists, they can use the additional factors described below to work through their decisions, which could identify NTAs in lower tiers that might be important, or even critical, to fund.
- Relationship to critical/priority path in Implementation Strategy: All regional priorities for Habitat, Stormwater, and Shellfish were based on critical paths in existing Implementation Strategies. However, this factor could also cover activities, such as science and monitoring, which are necessary to inform a body of work. Also, consider needs identified to improve, manage, or operationalize Implementation Strategies. Ultimately, Implementation Strategies should provide a clear and credible justification for most funding decisions related to Puget Sound recovery.
- Tribal Treaty Rights Priorities.
- Priority science and monitoring needs identified in the 2016-2018 Biennial Science Work Plan.
- Cross-Cutting and Synergistic Opportunities (per recommendation from the Leadership Council): The funding of packages of activities that support one another, and activities that can leverage greater recovery impacts across multiple Vital Signs or part of the system is strongly encouraged.
- Bang for the buck/cost effective for results: Cost effectiveness among investments should be considered wherever possible.
- Pilot/Priming/Planning investments that can be replicated or expanded with other sources of funding if successful: This would be especially important to consider if other sources of funding were identified that could be leveraged with the EPA investment. Some of the pre-work for expensive capital projects come to mind.
- Agency directives from Congress/OMB/ EPA initiatives: These could include coordinated investment and EPA initiatives/priorities, such as riparian protection and restoration, and should be referred to when making funding decisions.
- Significant gaps in necessary activities to move recovery forward (as documented in the 2018 Action Agenda): If included in funding recommendation but not part of the tiered NTA list or in the 2016-2018 Biennial Science Work Plan, the SIAT and SI Leads should prepare justification supporting the variance.

- Non-capital projects (or elements of projects) that have fewer dedicated funding sources (per recommendation from the Leadership Council): Examples include science, monitoring, education, and behavior change.
- Other sources of funding: In some cases, a project may not be funded with Puget Sound Geographic Funds because there is already dedicated or other sources of funding for that activity (e.g., stormwater capital projects).

IV. Additional Local Integrating Organization Subawards

To address the importance that Local Integrating Organizations (LIOs) have a predictable level of funding awarded to support some of the local priorities that contribute to regional recovery, the Strategic Initiative Leads will coordinate on a process that would give LIOs the opportunity to identify their priority 2018 NTAs for direct funding within the constraints of the Puget Sound geographic funding allocated for this use. The proposed NTAs are required to meet all established criteria for funding NTAs, including the technical standards necessary to establish identifiable outputs and projected outcomes, and a clear connection to regional outcomes (i.e., Vital Signs). They must also be allowable under CWA 320 and National Estuary Program funding authorities.

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