CHAPTER 7: FUNDING STRATEGY

Chapter 7: Funding Strategy

Introduction

This chapter discusses a funding strategy for supporting the initial ten years of implementation of the Plan. The chapter begins with a discussion of current governmental spending by federal, state, and local agencies on salmon recovery projects and programs, identifying $11 million per year in current spending through these sources. A brief discussion of costs follows; as noted elsewhere in this chapter, total costs to implement the WRIA 8 plan in its first ten years may exceed $100 million. Fundraising options are then presented at a variety of funding levels, including the continuation of status quo or "base" levels, an increase of thirty percent (to $15.6 million/yr), and an increase of fifty percent (to $17.3 million), the option preferred by the WRIA 8 Steering Committee.

The chapter continues with an analysis of the capacity to fund implementation of the plan at the three funding levels. Only the base plus 50 percent option meets the Steering Committee's desired level of effort for plan implementation. The chapter concludes with an analysis of the challenges and actions needed to reach the preferred funding level, identifying strategies for maintaining and increasing funding from all levels of government. The strategy includes consideration of new funding sources at the regional and statewide levels.

This chapter was drafted by Evergreen Funding Consultants on contract to WRIA 8 governments. The content was developed in close coordination with the WRIA 8 Steering Committee and the Adaptive Management Work Group.

Current Spending on Salmon Recovery in WRIA 8

The most direct indicator of the capacity to fund the salmon recovery plan in WRIA 8 may be the level of current spending, provided there is a clear understanding of the uncertain durability of specific current sources of funding. An assessment of current spending on salmon recovery projects and programs in WRIA 8 was conducted in preparation of this chapter. A number of caveats are appropriate in understanding the findings of this effort:

- The analysis is intended to capture spending that is focused on and has direct benefits to salmon
- Spending on projects and programs with indirect benefits to salmon, such as water quality facilities for new roads, was not included
- Spending that is required as a condition of permitting, either as mitigation for an environmental impact or as part of an approved Habitat Conservation Plan, is not included
- The assessment captures spending by local governments only
- The assessment of capital funding is more inclusive and comprehensive than that for non-capital purposes such as watershed coordination and monitoring
- Spending levels are imprecise due to the brief nature of the analysis and the difficulty of distinguishing salmon benefits from other environmental benefits.

While this analysis therefore captures only a subset of spending that has some benefit to salmon, it is a reasonable indicator of the current funding capacity of WRIA 8 jurisdictions and serves as an appropriate reference point for the analysis of options for future funding.

To summarize the major findings of this assessment:

1. Current spending levels in WRIA 8 from all sources are estimated at $11.6 million per year;
2. Spending on capital salmon recovery projects is provided principally from local and regional sources that comprise approximately 71% of total funding, with the remainder from federal (19%) and state (10%) sources.
3. Most local/regional funding is being raised from utility revenues in King County, Seattle, Bellevue, Snohomish County, and suburban cities as well as regional conservation taxes and fees (King County Conservation Futures Tax, King Conservation District assessment). Current expense and other local sources are used less frequently.
4. Principal state and federal sources include the Salmon Recovery Funding Board (state and federal), Army Corps of Engineers ecosystem restoration programs (federal), Section Six funding through the US Fish and Wildlife Service (federal), Aquatic Lands Enhancement Account funding (state), and Washington Wildlife and Recreation Program funding (state).

A more detailed description of local, federal, and state spending on salmon recovery activities in WRIA 8 follows. Tribal governments are also working to improve Chinook population health in WRIA 8; however, their expenditures were not included in this analysis.

Local Government Funding

- *Local government public works and capital projects*: Local jurisdictions in King and Snohomish Counties spend approximately $4-6 million per year from their capital budgets on projects such as fish passage, riparian restoration, instream and off-channel improvements, and estuary and nearshore restoration. The largest share comes from King County, Seattle, Bellevue, and Renton.
- *King County Conservation Futures*: This component of King County property taxes provides annual funding for open space conservation. For the past few years, an average of approximately $2.5 million has been spent on salmon-related projects in WRIA 8. (Includes Cedar River Legacy directed funds.)
- *King Conservation District*: This property tax source generates approximately $630,000 for King County jurisdictions in WRIA 8.
- *WRIA 8 Interlocal Agreement*: Revenues from this agreement among WRIA 8 local governments provide $500,000 annually to fund watershed planning for salmon conservation.
- *Locally-funded grant programs*: King County's Community Salmon Fund partnership, WaterWorks program, and several other small grant programs provide $1-200,000 annually to fund smaller projects in WRIA 8.

- *Local operating funds for ongoing watershed activities*: Local jurisdictions fund staff through operating budgets for ongoing projects and programs including research and monitoring (e.g., normative flows and coho pre-spawn mortality studies, ongoing water quality and fish monitoring), outreach and education (e.g., outreach publications, basin and watershed stewards, volunteer coordination), regulation and permitting, and planning. This funding totals more than $1 million per year but is difficult to calculate more precisely given that most staff have a mix of WRIA and non-WRIA responsibilities.

Federal Funding

- *Salmon Recovery Funding Board (SRFB)*: The SRFB provides $500,000-$1 million a year for habitat projects in WRIA 8 (approximately 2/3 of SRFB funds are from federal sources, 1/3 from state sources).
- *Other federal grant and incentive programs*: North American Wetlands Conservation Act grants (NAWCA), Cooperative Endangered Species Conservation Fund, Conservation Reserve Enhancement Program, etc. occasionally fund projects in the WRIA, but program funders do not allocate dollars strategically to WRIA 8 priorities. In all, these programs may contribute several hundred thousand to $1 million (e.g., $1.5 million to Seattle Public Utilities last year for Cedar acquisitions through the Cooperative Endangered Species Fund). This figure does not include federal Forest Legacy dollars in WRIA 8, which is a significant and reliable sum but is focused on headwaters areas rather than WRIA mainstem priorities.
- *U.S. Army Corps of Engineers*: The Corps provides study funding for the Lake Washington/Ship Canal General Investigation and project funding through 206 and 1135 continuing authorities. This represents about $300-500,000 per year.
- *National Fish and Wildlife Foundation*: $100-200,000 each year for Community Salmon Fund projects and Washington Salmon grants.
- *Technical assistance, monitoring from federal agencies:* National Marine Fisheries Service, U.S. Fish and Wildlife Service, U.S. Geological Survey, Army Corps of Engineers. This is difficult to quantify.

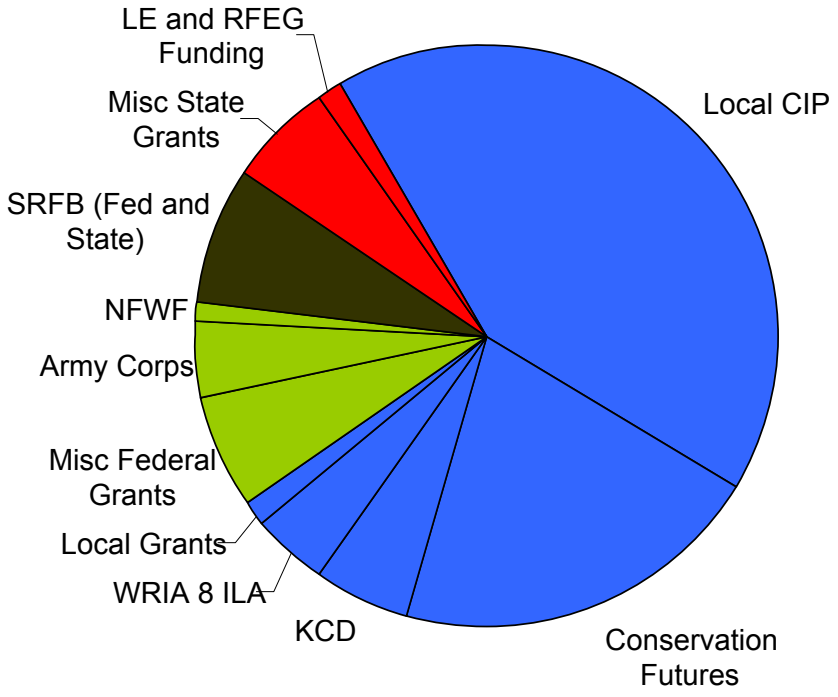
State Funding

- *Salmon Recovery Funding Board:* The state provides up to a third of the SRFB funds mentioned above (most WRIA 8 SRFB projects have been implemented using federal funds).
- *Other state grant programs*: Washington's Aquatic Lands Enhancement Account (ALEA), Washington Wildlife and Recreation Program (WWRP), Public Involvement and Education fund, and the Centennial Clean Water Fund (CCWF) all fund occasional projects in the WRIA. Between ALEA, WWRP, and CCWF, about $500,000-$1 million a year go to salmon projects in WRIA 8, but these are not always for WRIA priorities.
- *Lead Entity and RFEG funding:* State agencies provide $60,000 for the WRIA 8 lead entity and $100k in funding for the Mid-Sound Salmon Enhancement Group, the majority of whose projects take place in WRIA 9.

- *Hatchery retrofits:* Occasional funding for hatchery repairs and upgrades. In the last biennium, for example, the state spent several million on the Issaquah hatchery.
- *Technical assistance, monitoring, watershed stewards* from state agencies like Washington Department of Fish and Wildlife and Department of Ecology.

Fig 7-1 illustrates the major sources of local, federal, and state funding for salmon recovery in WRIA 8, a total of about $11-13 million. The chart does not include staffing and technical assistance at the local, state, or federal levels, which is difficult to quantify but may represent an additional $1-2 million. It also does not include state hatchery funding.

Fig 7-1: Funding sources in WRIA 8



Costs of the WRIA 8 Chinook Salmon Plan

The Steering Committee is recommending that local governments and other entities participate in plan implementation in three areas: continued regional collaboration, implementation of site-specific and landscape-level actions, and monitoring the results of actions to gauge progress. Each of these areas is discussed in great detail in other chapters where cost estimates are also provided. Continued collaboration at the regional level is discussed in Chapter 2; expectations for monitoring costs are outlined in Chapter 6; and preliminary cost estimates for actions in the Start-list are provided in Chapter 9.

At this stage of the process, estimated costs are based on a conceptual level of understanding of actions. This conceptual level of understanding will evolve over time to a more precise reality as public comment and local government feedback are incorporated into the plan and the results of the Treatment phase of the Ecosystem Diagnosis and Treatment model further refine priorities. Then cost estimates will need to be further refined as well to provide more accurate information.

The purpose of the preliminary cost estimates of the start-list is to provide "ballpark" costs, not actual costs, for implementation of a subset of the actions. These estimated costs are a starting point for planning numbers that could be used by decision makers within the context of overall funding plans. The cost estimates are subject to further – potentially substantial – revision as additional information regarding project scope, design and other factors becomes available.

Due to information and time constraints, reconciliation of start-list financial needs with levels of funding recommended in this chapter has not been initiated. The Steering Committee has recommended a ten-year timeframe for implementation. However, at this time no recommendations or decisions have been made about specific annual priorities regarding which Start-list actions should be implemented each year, or exactly how many actions should be accomplished in the next ten years. This information gap limits efforts to develop precise annual cost estimates for the ten-year plan implementation timeframe.

It should be noted that the desired level of effort is not based on the number and type of actions that would need to be implemented annually to achieve a specific level of salmon response. Additional information about needed level of effort to achieve a specific level of salmon response may become available through the adaptive management process and the treatment phase of EDT.

Options for Future Funding Levels

Steering Committee Direction on Funding

The WRIA 8 Steering Committee discussed funding levels at several meetings from April to September 2004 and advised staff of their preferences in several key areas:

Funding level: At the April meeting, the WRIA 8 Steering Committee expressed strong support for continued funding of salmon recovery actions at or above current funding levels, estimated at $8 million per year from local and regional sources and an additional

$2-3 million in state and federal sources. Three alternatives were developed and presented to the committee for their consideration, with funding levels equal to the current level ("base"), at thirty percent above this level ("base plus 30%"), and at fifty percent above this level ("base plus 50%"). After further analysis and discussion at subsequent meetings, the committee agreed to endorse the "base plus 50%" option, an alternative that equates to an annual funding target of $17.3 million for salmon recovery activities in WRIA 8.

Funding sources: The Steering Committee has emphasized two priorities related to the sources of funding: protect the sources that are currently used for salmon recovery and increase the state and federal contribution of funding. With regard to the continuation of existing local and regional funding, the Steering Committee expressed concerns about the vulnerability of existing regional sources (in this context, those sources collected and distributed at a countywide or WRIA level). The most commonly used regional sources for capital projects in King County are the King County Conservation Futures Tax and the King Conservation District assessment. Regarding state and federal funding, the Steering Committee expressed strong support for increasing the level and sustainability of funding sources. The committee expressed particular interest in increasing WRIA competitiveness for state and federal grants and Corps of Engineers cost-sharing programs. While the Steering Committee discussion focused principally on the sources and levels of funding in current use for salmon recovery activities, several members expressed interest in broadening the analysis to include new and largely untried funding sources. One oft-cited example is the redirection of mitigation funds to high priority salmon projects through a "trading" or "banking" scenario.

Distribution: With regard to the role of these or other regional sources in the fundraising strategy, the committee expressed support for an approach that allowed the funding of regionally beneficial projects regardless of jurisdiction. Members acknowledged that some jurisdictions, particularly the smaller cities and unincorporated King County, might have difficulty paying for capital projects in their areas.

Timing: The Steering Committee has expressed strong support for a constant level of funding for the initial implementation phase (assumed at ten years), as contrasted with a strategy that provides more funding early in the implementation process. Members expressed particular interest in the dependability of a constant stream of funding, although some acknowledged the difficulties of predicting the funding decisions of future legislative bodies. It was also suggested that there be some bonding capacity built into the constant-stream strategy to address immediate needs, but that this be accommodated with a minor share of the total annual funding. In addition, committee members understood that there may be a ramp-up phase in the first few years as new funding sources are developed.

In-kind Contributions: As reflected in the discussion of Organizational Structure and Staffing in chapter 2, the Steering Committee is recommending and assuming that the current level of in-kind support provided by participants in the Plan development process will be maintained during the Plan implementation phase. This in-kind support has been critical during the Plan development phase, and would be a cost-effective resource to help meet the Steering Committee's desired level of effort for implementation and to augment the capacity of work that can be supported by shared staff. In order to sustain a desired level of effort, a reduction in such in-kind support would have to be made up by an increase in funding.

Comments Received During Public Review of the Plan:
Comments related to funding offered a range of ideas, many of which are tied to and covered in Chapter 8 on commitments of local governments. Other suggestions were to keep current funding in place, prioritize local programs to fund Plan implementation, reduce property taxes as an incentive to landowners to implement actions, and to accept charitable contributions.

Funding Options

Based on the interests expressed by the Steering Committee members and research on funding alternatives, three options have been identified for further consideration. While organized by funding level – the primary driver in a fundraising strategy – they also differ in the sources used and the efforts to secure these sources. The funding level options are intended to roughly correspond to different levels of effort supporting implementation, with the increases in resources available from one option to the next roughly equating to an increased capacity for and pace of implementation. Note that the amounts by source are hypothetical and would vary annually and throughout the ten-year initial implementation period. It is possible that the funding levels identified in the options could be reached in other scenarios with different funding levels for individual sources. Implications for fundraising and financing are described in detail later in this chapter. It should be noted that each anticipated funding source would be applied as per the legal restrictions, authority, and discretion of the funding agency.

Option One: Base Level

Characteristics: The focus of funding in this option is to maintain funding at current levels, although not necessarily with the current mix of sources. This option will appeal to those who feel that current levels of funding – and therefore effort – are either sufficient to meet needs or challenging enough to maintain into the future.

Potential funding sources and amounts:

Federal (assumed at $2.2 million/yr, 19% of total):
- Pacific Coastal Salmon Recovery Fund at $700K/yr
- Corps of Engineers 1135/206 funding at $500K/yr
- Misc. federal grants at $1 million/yr

State: (assumed at $1.2 million/yr, 10% of total):
- State share of SRFB funding at $700K/yr
- Misc. state grants at $500K/yr

Local/regional (assumed at $8.2 million/yr, 71% of total):
- King Conservation District at $660K/yr
- King County Conservation Futures Tax at $2.5 million/yr
- Misc. regional grants at $500K/yr
- Local surface water/drainage fees at $3 million/yr
- Other utility fees and charges at $1 million/yr
- Local current expense funds at $500K/yr

Total funding level: $11.6 million/yr

Option Two: Base Level Plus 30%

Characteristics: The focus of this option is to ensure sufficient funding for a substantial increase in capacity to implement the recovery plan. Existing funding sources continue to be available, are used to their capacity, and are supplemented through a more ambitious effort to raise state and federal funding and a new regional funding source. This option will be appealing to those who feel that a more ambitious pace of implementing the plan is desirable or necessary.

Potential funding sources and amounts:
Federal (assumed at $3.2 million/yr, 21% of total):

- Pacific Coastal Salmon Recovery Fund at $700K/yr
- **Corps of Engineers 1135/206 funding at $1.5 million/yr *(significant increase from current levels)***
- Misc. federal grants at $1 million/yr

State: (assumed at $1.2 million/yr, 8% of total):

- State share of SRFB funding at $700K/yr
- Misc. state grants at $500K/yr

Local/regional (assumed at $10.7 million/yr, 71% of total):

- King Conservation District at $660K/yr
- King County Conservation Futures Tax at $2.5 million/yr
- Misc. regional grants at $500K/yr
- **New regional source or sources at $2.5 million/yr *(new source)***
- Local surface water/drainage fees at $3 million/yr
- Other utility fees and charges at $1 million/yr
- Local current expense funds at $500K/yr

Total funding level: $15.1 million/yr

Option Three: Base Level Plus 50% (STEERING COMMITTEE PREFERRED)

Characteristics: The focus of this option is to provide funding to allow a very significant increase in the capacity to implement the recovery plan across a wide range of capital and non-capital actions. Funding needs in this scenario greatly exceed the capabilities of existing and augmented sources and new and somewhat experimental sources must be evaluated as potential additions. This option will appeal to the most ardent supporters of salmon recovery.

Potential funding sources and amounts:
Federal (assumed at $4.2 million/yr, 24% of total):

- Pacific Coastal Salmon Recovery Fund at $700K/yr
- **Corps of Engineers 1135/206 funding at $2.0 million/yr *(significant increase from current levels)***
- **Misc. federal grants at $1.5 million/yr *(significant increase from base and option two)***

State: (assumed at $1.5 million/yr, 9% of total):

- State share of SRFB funding at $700K/yr
- **Misc. state grants at $800K/yr *(significant increase from base and option two)***

Local/regional (assumed at $11.6 million/yr, 67% of total):

- King Conservation District at $660K/yr
- King County Conservation Futures Tax at $2.5 million/yr
- Misc. regional grants at $500K/yr
- **New regional source or sources at $3.5 million/yr *(new source at higher level than option two)***
- Local surface water/drainage fees at $3 million/yr
- Other utility fees and charges at $1 million/yr
- Local current expense funds at $500K/yr

Total funding level: $17.3 million/yr

Summary Table

The following table summarizes the three options for funding and compares potential funding levels by source for each.

Source	Option Base		Base + 30%		Base + 50%
Pacific Coastal Salmon	$700,000		$700,000		$700,000
Corps of Engineers	$500,000		**$1,500,000**		**$2,000,000**
Federal Grants	$1,000,000		$1,000,000		**$1,500,000**
TOTAL FEDERAL	$2,200,000	19.0%	$3,200,000	21.2%	$4,200,000
SRFB	$700,000		$700,000		$700,000
State Grants	$500,000		$500,000		**$800,000**
TOTAL STATE	$1,200,000	10.4%	$1,200,000	8.0%	$1,500,000
King Conservation District	$660,000		$660,000		$660,000
KC Conservation Futures	$2,500,000		$2,500,000		$2,500,000
Regional Grants	$500,000		$500,000		$500,000
New Regional Sources	$0		**$2,500,000**		**$3,500,000**
Local SWM Fees	$3,000,000		$3,000,000		$3,000,000
Other Local Utility Fees	$1,000,000		$1,000,000		$1,000,000
Local Current Expense	$500,000		$500,000		$500,000
TOTAL LOCAL/REGIONAL	$8,160,000	70.6%	$10,660,000	70.8%	$11,660,000
GRAND TOTAL	$11,560,000		$15,060,000		$17,360,000

Options Considered but Not Fully Developed

The following options were considered but did not seem promising enough to warrant further consideration.

Funding at substantially less than the current base level: This alternative, while attractive in terms of fundraising, would be inconsistent with the direction of the Steering Committee to maintain the level of recovery activity at no less than the status quo.

Funding at more than 50% greater than current levels: While this option would be attractive to those wanting a more ambitious scope or pace to the recovery program, the level of funding and diversity of funding sources needed to sustain fundraising at this level appear to be infeasible in the current political and economic climate.

Capacity to Implement the WRIA 8 Plan at Various Funding Levels

A key consideration for the WRIA 8 Steering Committee has been whether there is sufficient capacity to implement the recovery plan at the three funding levels under consideration. In order to evaluate the consequences of the funding levels on capacity, the following table was prepared. The table looks at three areas where local governments and other entities will be asked to consider commitments – continuing regional collaboration to implement the plan, monitoring for progress, and implementation of actions at both site-specific and landscape level. Note that the distribution of funding among activities is hypothetical only and should not be construed as a specific spending proposal.

TABLE 7-1: Capacity to Implement the WRIA 8 Plan at Various Funding Levels

		Regional Collaboration		Monitoring		Collaborative Habitat Actions		Local/Independent Habitat Actions	
#	**Level of Effort Scenario**	**Shared Staff**	**In-kind Participation**	**Collaborative Monitoring**	**Local/ Independent Monitoring**	**Site Specific Projects**	**Other (program-matic)**	**Site Specific Projects**	**Other**
1	Current: @$11.5M	5 FTE (funded by ILA) @$500K (including overhead)	[Forum, Steering Cmte, Staff Cmte, Synth Cmte, Tech Cmte, AMWG, PO Cmte, LU Cmte, member staffing]	@$80K/yr KCD	@$553K/yr Seattle, King County, USFWS, Bellevue, Mercer Island, Sno County, ACOE, WDFW, Others?	@$5M/yr** includes @ 4+ SRFB projs/yr (ave: $=214k/proj) @ 8+ KCD projects/yr (ave: $74k/proj) Sources: KCD, SRFB, CFT, ACOE, State programs, ACOE, others	@$500-750K/yr Toward Education and Stewardship projects, e.g., Salmon Watchers, Cedar River Naturalists Various fund sources	@$4M/yr Toward site specific actions whose costs are internalized, e.g., drainage CIPs, open space acquisitions	Cost not quantified Toward broad actions whose costs are internalized, e.g., adoption and enforcement of CAO/ Comp Plan, NPDES, Shoreline Plans, etc.,
2	Base: @ $11.5M	3 FTE (6/30 proposal) @$300K + negotiated overhead	[Summit Body, Oversight Body, Tech Cmte, PO Cmte, Staff Cmte, member staffing]	@969K/yr Distribution between regional and local funding TBD		@$6.2M/yr** Assumed ratio of site-specific to programmatic (public education and land use)*** TBD by Oversight Body Contributions from specific sources TBD		Maintained at current level	Maintained at current level

TABLE 7-1: Capacity to Implement the WRIA 8 Plan at Various Funding Levels

		Regional Collaboration		Monitoring		Collaborative Habitat Actions		Local/Independent Habitat Actions	
#	**Level of Effort Scenario**	**Shared Staff**	**In-kind Participation**	**Collaborative Monitoring**	**Local/ Independent Monitoring**	**Site Specific Projects**	**Other (Program-matic)**	**Site Specific Projects**	**Level of Effort Scenario**
3	Base + 30%: @$15.1 M	3 FTE @$300K + negotiated overhead	[Summit Body, Oversight Body, Tech Comm, PO Comm, Staff Comm, member staffing]	@969K/yr Distribution between regional and local funding TBD		@$9.8M/yr** Assumed ratio of site-specific to programmatic (public education and land use)*** TBD by Oversight Body Contributions from specific sources TBD		Maintained at current level	Maintained at current level
4	Base + 50%: @$17.3 M	3.5 FTE (Steering Committee 9/22 proposal) @ $350K+ negotiated overhead	[Summit Body, Oversight Body, Tech Comm, PO Comm, Staff Comm, member staffing]	@1.853M/yr (Steering Committee recommended level) Distribution between regional and local funding TBD		@$11.1M/yr** Assumed ratio of site-specific to programmatic (public education and land use)*** TBD by Oversight Body Contributions from specific sources TBD		Maintained at current level	Maintained at current level

** - Figures do not reflect any match provided from local sources, including O&M. Some fund sources (e.g., SRFB – 15%) require local match, some (e.g., KCD) do not. Local expenditures for some projects may exceed match requirements and therefore cover a larger share of overall project costs.
*** -Future "Other" collaborative actions could include those currently in place and others, e.g., watershed stewards, regional stormwater planning, training on low impact development techniques.

Several conclusions can be reached based on this analysis:

The "base" funding level does not provide the capacity to fund plan needs at the desired level within the ten-year implementation period: The "base" level of funding would not provide adequate funding to meet the Steering Committee's desired level of effort with respect to collaborative organizational structure (see Chapter 2), monitoring program (see Chapter 6), and start-list actions.

"Base plus 30%" is a significant improvement but still falls somewhat short: Similar to the base scenario, above, the base plus 30% scenario would not fund the Steering Committee's desired level of effort with respect to a collaborative organizational structure, monitoring program, and collaborative implementation of start-list actions.

The "base plus 50%" level (the Steering Committee's preferred option) appears to provide funding at the Steering Committee's desired level of effort: As indicated in the table, this level would allow full funding of the monitoring program (see Chapter 6), shared staff at the level recommended by the Steering Committee in Chapter 2, and the most funding for carrying out collaborative habitat actions on the start-list.

Funding Challenges and Actions at the Preferred Funding Level ($17.3 million per year)

Execution of the funding strategy at a fifty percent increase over current levels will be very challenging for the WRIA 8 partners. As previously indicated, many of the sources in current use for salmon recovery activities are annually budgeted from discretionary sources, making them quite vulnerable to shifting government priorities and economic downturns. The challenge will be to execute a strategy that not only bolsters current sources but delivers new money from every level of government to the implementation of the recovery plan. The following discussion addresses the challenges and potential solutions at each level of government.

Federal Funding

Proposed Funding Level: At the preferred funding level of $17.3 million annually, the funding scenario discussed in this chapter projects an increase in federal funding from the current level of approximately $2.2 million per year to $4.2 million per year, a 90 percent increase.

Challenges:

Maintaining Pacific Coastal Salmon Recovery funding in the face of some congressional opposition and "salmon fatigue": This five-state program is the dominant source of federal funding to Washington State salmon recovery efforts, contributing $25-30 million annually (statewide) to habitat restoration and protection via grants through the Salmon Recovery Funding Board. As the largest account of its size in the relevant section of the federal budget, it has attracted some opposition from influential members of Congress. In addition, there is sentiment in Congress that after six years of funding the salmon problem should be wrapped up.

Increasing and adding new federal sources: Although there have been attempts – some successful - to broaden the number of federal agencies that fund salmon recovery efforts in WRIA 8, particularly through EPA and US Fish and Wildlife Service grants and Corps of Engineers' restoration programs, these sources have been modest contributors to the overall funding effort thus far.

Moving the Corps of Engineers Lake Washington/Ship Canal study to completion and project construction: This protracted study will theoretically result in cost-sharing of a large group of restoration projects in the watershed at very favorable terms. The study has been repeatedly delayed by insufficient federal funding. Even with adequate funding, it will be a challenge to get the project authorized and begin construction funding for identified projects.

Proposed Actions

Increase commitments to lobbying for federal funding

Coordinate and strengthen lobbying activities among WRIA 8 governments: Several of the governments in WRIA 8 – King County, Seattle, perhaps others - already have representation in Washington, DC and actively lobby Congress and the administration on salmon funding issues. The effectiveness of these efforts will be increased if the participating governments cooperate on a common pro-salmon funding message to be delivered by all of the lobbyists and elected officials. The shared staff proposal described in Chapter 2 includes support to coordinate such lobbying efforts.

Participate in regional and statewide lobbying coalitions: The Governor's office and statewide organizations such as the Northwest Indian Fisheries Commission are likely to play a prominent role in developing a common federal funding agenda and a coordinated lobbying strategy. Members of the Washington Congressional delegation are indicating that they will look more kindly on a coordinated budget request than on many individual pleas. WRIA 8 leaders should reach out to statewide advocates to identify areas of common interest and opportunities for cooperation on a federal funding strategy. In particular, it may be possible to offer additional support for statewide initiatives, such as continued funding of the Salmon Recovery Funding Board grant program, in return for state support for initiatives of particular interest to the WRIA 8 governments, such as completion and funding of the Lake Washington/Ship Canal study.

Increase the use of media and events to publicize successes: Publicity of salmon successes has been sporadic to date. Elected officials respond very favorably to recognition events and mass media and it would be useful to have a more systematic approach to publicizing the completion of projects and other favorable events. This could be accomplished through the development and execution of a common public relations program among the public affairs staffs of the larger WRIA 8 governments.

Improve WRIA-wide grantwriting capacity

Develop grantwriting capacity that can be focused on WRIA priorities: There are a wide range of federal grant programs that are suitable for funding of WRIA initiatives and an important ingredient for the success of the WRIA 8 funding strategy is increasing the number and success rate of grant applications. This will require additional grantwriting capacity, for example in the form of shared staff as suggested in the preceding discussion of staffing and organizational structure for Plan implementation.

Develop a mechanism to prioritize WRIA projects for use in WRIA grantwriting capacity: Once the WRIA capacity is increased, it will be necessary to develop a process to select which projects will be the focus of grantwriting efforts. Assuming that there are more ideas for what could be funded than there is funding capacity, WRIA leaders will need to develop criteria for ranking projects and a queue of projects awaiting attention. The rpeceding staffing proposal contemplates addressing this need through the Assistant to the Executive Director position and the Funding Coordinator position.

State Funding

Proposed Funding Level: At the preferred funding level of $17.3 million annually, the funding scenario discussed in this chapter projects an increase in state funding from the current level of approximately $1.2 million per year to $1.5 million per year, a 25 percent increase. As an alternative, creation of a new dedicated state funding source for salmon may allow an increase in the state share up to $2.5 million[1], more than double current levels, allowing a smaller increase in the local/regional share.

Challenges:

Addressing the declining state share of total salmon funding, particularly for capital project grants: As federal and state contributions to salmon recovery have remained stable or increased in the last five years, state funding has decreased, particularly for grants to salmon projects. For instance, state funding for grants allocated through the Salmon Recovery Funding Board was cut 56% in the 2003-05 budget from 2001-2003 levels. Further cuts could endanger federal funding if Congress perceives a retreat at the state level in willingness to fund salmon recovery actions. If cuts are unavoidable, reducing funding for local project grants should be the last resort in cutbacks. Maintaining a high level of capital funding is vital in demonstrating progress on salmon recovery to the public and to other funding agencies.

Getting more state money to WRIA 8 projects and programs: As watershed plans are completed throughout the state, including throughout the Columbia Basin, competition for state project money is likely to increase. Due to early technical work and a strong interlocal partnership, the WRIA 8 governments have been quite successful in securing funds from the Salmon Recovery Funding Board. In order to increase the overall state

[1] Assuming $2 million per year from a new statewide salmon account and $500,000 from current competitive sources.

share of funding, the partners will need to seek and secure new state grant sources as well as continue their success with SRFB funds.

Proposed Actions

Increase commitments to lobbying for state funding sources

Coordinate and strengthen lobbying activities, as described under federal funding: Just as with federal funding, the prospects for state funding will be much improved by:

- Coordinating the work of WRIA 8 lobbyists;
- Developing a coordinated WRIA 8 budget request;
- Participating in lobbying coalitions with a salmon focus;
- Publicizing successful results.

Support new dedicated state sources of funding for salmon recovery

Work with other salmon advocates to develop a proposal for a new statewide revenue source: New state funding will probably require new state funding sources for salmon. The forces that have resulted in long-term erosion in state funding for salmon recovery – competing priorities, "salmon fatigue" among legislators, and state budget deficits – are likely to continue and make it very difficult to raise additional state money on a sustained basis from existing sources. While the WRIA 8 governments may be able to implement a watershed recovery plan without additional state funding, most of the local governments in the Puget Sound region and statewide cannot due to limited local resources. Achieving recovery across the region and the state will probably require a new statewide salmon funding source. In all likelihood, this source would be voter approved, focused on salmon and other environmental needs, supported by tax revenues, and would need to be supported by key agencies, organizations, and business interests.

WRIA 8 governments have a special role to play in establishment of a new source. With so much of the state's population and tax base within WRIA 8 jurisdictions, leadership from WRIA 8 officials will be important and may be essential to the passage of a new funding source in the legislature and at the polls. Next steps include forming a WRIA 8 delegation to meet with other regional and state leaders to discuss the amount on money to be raised, revenue sources, procedures for enactment of the sources, and distribution of funds. It seems likely that the Shared Strategy will support and provide a venue for these discussions.

Assist with the implementation of the strategy: Passage of a new statewide funding source would be a complex political process and may involve an initiative to the legislature, a signature-gathering effort, a campaign to develop support from the legislature, and a public campaign should the legislature fail to enact the proposed measure. It would be vital to have WRIA 8 support for many of these activities.

Increase grant-writing capacity

Improve grantwriting capacity, as describe under federal funding

Seek grants from a wider range of state sources: There are a wide variety of state grant programs that may be appropriate for implementing portions of the WRIA 8 plan, including the Public Works Trust Fund and Centennial Clean Water Fund programs, that are not directly salmon focused but may be appropriate for habitat and water quality improvements identified in the plan. Diversifying the pursuit of grant funding beyond the typical salmon sources is likely to improve dependability as well as the amount raised because it will smooth out the cyclical rise and fall of program funding levels that is common among state funding sources.

Local/Regional Funding

Proposed Funding Level: At the preferred funding level of $17.3 million annually, the funding scenario discussed in this chapter projects an increase in local/regional funding from the current level of approximately $8.2 million per year to $11.7 million per year, a 43 percent increase. As an alternative, creation of a new dedicated state funding source for salmon may allow an increase in the state share to $2.5 million per year. Assuming a corresponding offset in local/regional funding, the future local/regional share would be projected at $10.6 million, an increase of 29% from current levels.

Challenges:

Improving the dependability of local and regional salmon funding: As with state and federal funding, the majority of local and regional funding available for salmon projects and programs in WRIA 8 in recent years has come from annual budget appropriations from broadly focused environmental sources and not dedicated salmon funding. As a consequence, local and regional funding is subject to the variability in revenue streams, competing environmental and other priorities, and shifts in political support that are common to local government programs. Several sources are particularly vulnerable: the King Conservation District assessment that will sunset in 2005, the Conservation Futures Tax program that is increasingly in demand for forest conservation and urban land protection needs, and city and county current expense budgets that are under very tight pressures.

Increasing the amount of funding available for salmon projects and programs: As indicated above, the initial assumption about how the “base plus 50%” level is achieved assumes an increase of 43% in local and regional funding. Performance at this funding level for the ten-year initial period of plan implementation will require a very high level of success with existing funding sources (general funds, utility fees, Conservation Futures, KCD) as well as new sources yet to be identified, all sought and supported through an organized, disciplined fundraising strategy.

Supporting WRIA 8 coordination and projects while new sources are in development: It is likely that any long-term fundraising strategy for WRIA 8 will take time to implement, particularly if there are new funding sources that require legislative or voter approval. In the meantime, some of the sources that have been particularly helpful in supporting the

development of the WRIA 8 plan – the interlocal agreement and KCD assessment – are scheduled to sunset. An interim funding strategy is needed to maintain momentum in the first couple of years of plan implementation.

Proposed Actions

Increase the amount and dependability of local and regional funding

Establish policies and agreements to dedicate existing local and regional sources to WRIA 8 priorities on a continuing basis: While it is difficult for local governments to make multi-year funding commitments within the constraints of annual or biannual budget processes, it may be possible to negotiate non-binding agreements and policy statements for sources such as the Conservation Futures Tax or utility tax revenues that would serve as a statement of intent to spend these funds in the future. Presuming that there will be some level of federal assurances associated with approval of the Puget Sound recovery plan, these policy commitments, while not as persuasive as cash commitments, would help build the case on the certainty of funding. Policy statements are within the purview of the government administering the funding source (the King County Council for the CFT) while interlocal agreements would require the approval of multiple governments, a more complex process that is probably only warranted when trying to commit a variety of local agencies to apply their own funding to a collective goal.

Evaluate new regional sources of funding for salmon projects and programs across multiple WRIA's: The surest fix to shortcomings in the amount and dependability of existing local and regional funding sources for salmon is to enact a new dedicated source expressly for salmon recovery purposes. Unfortunately, this is far easier said than done. At the moment, state authority for multi-jurisdictional actions is sharply constrained to a variety of utility and service districts, none of which are a good fit with salmon recovery actions. A customized "salmon recovery district" authority would require approval of the authority in the legislature followed by a local tax vote, almost certainly a public vote on a ballot measure. While this is a daunting prospect politically, a "salmon recovery district" offers the potential of a large dedicated revenue stream, flexible geographic scope, and customized funding criteria that would make it ideal for implementation of the local responsibilities in the recovery plan. If pursued at a substantial funding level, it could supplant many of the existing local sources and greatly improve the dependability of local implementation.

If a new regional tax measure is determined to be a priority for the WRIA 8 governments, there are important strategic considerations about whether it should be pursued in addition to or as a substitute for a new state tax measure. It is unlikely that a state source would provide a dependable yield of more than $2-3 million annually, meaning that the ideal situation would be to have a base level of current sources, a new statewide funding source, plus a new regional source. However, this scenario assumes two tax votes in the central Puget Sound area when even one seems ambitious. The alternative of a regional tax measure without a statewide measure does little for salmon recovery beyond the bounds of the new district, a drawback in terms of ESA coverage and assurances and delisting, which can only happen at the Puget Sound region scale.

The next step in consideration of this issue should be to engage in discussions with officials from other WRIA's within the central Puget Sound area to determine if there are similar interests and needs among their leadership.

Implement an interim strategy for funding of WRIA 8 efforts

Reauthorize the KCD assessment as an interim source: The King Conservation District assessment sunsets in 2005. It is one of the few sources available to support interjurisdictional activities in WRIA 8 and has been useful in supporting coordination and projects on behalf of the WRIA 8 partners. The KCD assessment is a per-parcel property tax that is approved by the King County Council. It is important that this source be renewed for at least three years to ensure that a basic level of capacity is retained while a new set of sources are in development.

Renew the interlocal agreement (ILA) to ensure continuity in WRIA coordination and implementation of the plan: In 2000, King County, Snohomish County, and 25 cities in the counties negotiated and signed an interlocal agreement to cost-share the development of the WRIA 8 recovery strategy. Funding under the agreement has been used to support the development of the recovery plan, coordination and staffing of the WRIA 8 Steering Committee and Forum, scientific analyses, and public outreach. The five-year term of the original agreement is scheduled to expire at the end of 2005. In order to fund projects and programs until new funding sources are in place, it would be sensible to renew the ILA under the same terms for at least two years.

Next Steps

The implementation of the funding strategy identified in this chapter will require that WRIA 8 leaders and staff proceed immediately on two tracks, one internal to WRIA 8 and the second with other watershed leaders around Puget Sound.

Actions within WRIA 8

1. Confirm the costs of implementing capital and non-capital actions for the start-list
2. Begin discussions about renewal of the interlocal agreement with particular attention on the first few years of plan implementation.
3. Support salmon funding in local government budget processes.
4. Increase staff-level capacity for developing and pursuing funding sources, e.g., building grantwriting capacity.
5. Develop a coordinated lobbying strategy, including WRIA 8 priorities for state and federal funding.

Actions with Other Watersheds

1. Continue discussions with neighboring WRIAs about the desirability and feasibility of a new regional funding source for salmon.
2. Continue discussions with Shared Strategy and other regional and statewide salmon advocates about a new statewide source of salmon funding.
3. Develop policy language that will commit funding from current sources (CFT, utility fees, KCD) to salmon recovery on a continuing basis for all King County WRIAs.

Attachment A: Possible Characteristics and Schedule for a New Regional Funding Source

Characteristics

- Likely to require new state authority
- Could be established at a variety of scales (WRIA, multi-WRIA, ESU)
- Could authorize a variety of tax and fee sources
- Would probably require a public vote to enact funding
- Political support likely to vary by scale
- Would require a campaign

Fast-Track Schedule

- January-April 2005: Introduction and passage (possible but not probable) of local option funding source in WA Legislature
- April-December 2005: Media and lobbying campaign to build legislative support
- January-April 2006: Introduction and passage of local option funding source
- April-June 2006: Regional discussions on size and shape of local package
- July-November 2006: Campaign on ballot measure for general election
- Early 2007: Collection and distribution of revenue (if measure passes)

Attachment B: Possible Characteristics and Schedule for a New State Source

Characteristics

- Likely to require a public vote
- Could be jump-started by an initiative
- Could use various taxes for revenue
- Likely to be bigger than salmon – water, land conservation, nearshore/marine?
- Would require a campaign

Fast-Track Schedule

- December 2004 – April 2005: Development of coalition in support of measure
- April-November 2005: Signature-gathering (assuming initiative to the legislature)
- January-April 2006: Legislature considers and fails to pass funding measure, refers to general election
- November 2006: General election vote on ballot measure
- Early 2007: Collection and distribution of revenue (if measure passes)