

Draft 2012 “STATE OF THE SOUND”

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Proposed Action:

- 1) Receive briefing from the Performance Management Division on the key messages in the draft 2012 “State of the Sound”
- 2) Provide feedback on recommendations regarding “Barriers to Implementation of the Action Agenda” and alignment of expenditures with priorities

Note: The draft 2012 “State of the Sound” will be posted on the Partnership’s Web site on October 15th. It is slated for adoption by the Leadership Council on October 26th.

Background: RCW 90.71.370(3) requires the Partnership to provide a State of the Sound report to the Governor and Legislature every other year. The report must include a) an assessment of progress in implementing the Action Agenda including accomplishments in the use of state funds; b) actions by implementing entities that might be inconsistent with the Action Agenda; c) comments by the Science Panel on our progress in implementing the Action Agenda and findings on the assessment of the monitoring program; d) a review of citizen concerns; e) a review of expenditures for implementation of the Action Agenda and consistency with the Action Agenda; and f) recommendations on how future expenditures could be better aligned with the Action Agenda.

The 2009 State of the Sound included comments on these elements, but since the Partnership was newly created, focused primarily on how programs might evolve. It also included a traditional assessment of the state of the ecosystem, which is the more typical document prepared by comparable agencies around the country.

The 2012 State of the Sound includes these required elements, but is focused on an analysis of our progress in reaching the ecosystem targets that were set by the Leadership Council in 2011. The report contains individual reports on each of the ecosystem indicators—the importance of each indicator, summary of the data received and analyzed by our monitoring teams and an assessment of whether we are moving sufficient toward achievement of our 2020 targets.

The ecosystem data review concludes that we are not making the progress we had hoped to achieve. Analysis of our progress in implementing the 2008 Action Agenda (72% of the Near Term Actions (NTA)) and the budget gap between our estimates of the cost to fully implement the Action Agenda and what we received (\$187 million per year) suggest that we will continue to fall short of our targets unless we can fully complete the tasks we assigned to ourselves and

fully fund our efforts. The analysis also points out a number of confounding factors in ecosystem recovery that require further scientific inquiry and more robust monitoring efforts.

The fiscal analysis also includes a prospective assessment of the cost of implementing the 2012 Action Agenda (3 year timeframe). Each NTA owner was asked to provide an estimate of the full cost to implement its NTA and to report the amount that was available in its budget for that work. There are a few gaps in the data for several NTAs that by design require a more sophisticated analysis that was not completed at the time of publication of the document. **This gap analysis does not account for the costs or budgets of ongoing programs that are the centerpiece of the work of all of our partners, such as current and future costs for stormwater protection.**

The fiscal gaps reported are as follows:

- State agencies: \$405 million
- Non-state entities: \$63 million (includes \$57 million gap for local agency NTAs)
- Strategic Initiatives \$364.7 million

Staff has provided several excerpts from the draft Action Agenda for the ECB to review. These include the summary table of the indicator/target analysis (Attachment 1); Barriers to implementation of the Action Agenda (Attachment 2); Recommendations regarding future alignment of funding with priorities (Attachment 3); and Cost estimates for implementing strategic initiatives (Attachment 4).

Action Agenda Consistency: This Action directly relates to completion of statutory requirements to prepare a State of the Sound report.

Stakeholder Input: The ecosystem data analysis was fully vetted by the Puget Sound Ecosystem Monitoring Program (PSEMP) Board during its meetings from May –October. The Science Panel also considered the ecosystem reports as well as its own recommendations on our progress in implementing the Action Agenda. Chapter 5 includes a summary of a questionnaire to 300 stakeholders conducted by the Partnership on consistency with the Action Agenda of actions by implementing agencies and comments received by the public on the December Draft Action Agenda.

Consequences of Delay:

The statute requires that the State of the Sound be submitted to the Governor and Legislature by November 1, 2012.

Attachments:

- Attachment 1 - Summary Table Indicator/Target Analysis
- Attachment 2 - Barriers to Implementation of the Action Agenda
- Attachment 3 - Recommendations regarding future alignment of funding
- Attachment 4 - Cost estimates for implementing strategic initiatives

Attachment 1 - Status of progress towards 2020 target for each Vital Sign.

Vital Sign	Vital Sign showing progress towards 2020 target?	Basis for decision about progress	Goal associated with Vital Sign
Shellfish beds	Yes	1,384 net acres restored between 2007 and 2011	Human Health Human Quality of Life Water Quality Species and Food Webs
Estuaries	Yes	Approximately 2,300 acres of habitat restoration projects were completed from 2007-2011 in the 16 major river delta estuaries	Habitat Human Quality of Life
Swimming beaches	No	Percent of beaches meeting standards in 2011 was lower than the 2007 baseline reference	Human Health Human Quality of Life Water Quality
Chinook salmon	No	The total number of Chinook salmon in Puget Sound declined from 2006-2010, and no regions have yet met their target to improve 2-4 populations	Species and Food Webs
Orcas	No	Fewer whales in August 2012 than in 2010 baseline year	Species and Food Webs
Herring	No	No significant increase of spawning herring in any of the stocks	Species and Food Webs
Eelgrass	No	No change in eelgrass area in 2011 relative to baseline reference of 2000-2008	Habitat Species and Food Webs
Marine water quality	No	The marine water condition index shows a recent declining trend. Data not available yet for the dissolved oxygen target	Water Quality Habitat
Marine sediment quality	Mixed	Sediment chemistry index results have not changed from baseline conditions. Chemicals meeting SQS standards, and Sediment Quality Triad Index both show progress towards their target, but most individual SQTI scores have declined compared to the baseline	Water Quality Habitat

Vital Sign	Vital Sign showing progress towards 2020 target?	Basis for decision about progress	Goal associated with Vital Sign
Summer stream flows	Mixed	Some streams maintained or increased flow (7 of 8 rivers) but others lost ground: stable flows were not maintained where they should have been maintained (1 of 3 rivers); flows were not restored where they should have been restored (3 of 4 rivers); (1975-2011)	Water Quantity Habitat
Freshwater quality	Mixed	Fresh water quality in 2007-2011 was slightly better than 2003-2007 baseline conditions, but there was a net decline in B-IBI scores for wadeable streams. Although the total number of impaired waters was down in 2008-2010, the trend is expected to reverse in the next round of assessments	Water Quality Habitat
Toxics in fish	Mixed	Concentrations of PBDE's and PAH's in fish appear to be dropping. PCB's are holding steady, while endocrine disrupting compounds are on the rise	Water Quality Species and Food Webs Human Health
Onsite sewage systems	mixed	The number of systems inventoried and the percent of systems current with inspections have both increased. Data for the other targets are under development	Water Quality Human Health
Land development and cover	n/a	Baselines for three targets established, but trends are not available. Baseline and data for the 4th target is under development	Habitat Water Quantity Water Quality Human Quality of Life
Shoreline armoring	n/a	Data for the net change in armoring from 2011-2020 is not yet available. Two other targets still in development	Habitat Human Quality of Life
Recreational fishing license sales	n/a	This indicator is tracked, but no 2020 targets has been set.	Human Quality of Life
Commercial fisheries harvest	n/a	This indicator is tracked, but no 2020 target has been set.	Human Quality of Life Species and Food Webs

Vital Sign	Vital Sign showing progress towards 2020 target?	Basis for decision about progress	Goal associated with Vital Sign
Floodplains	n/a	Indicator is under development	Habitat Human Quality of Life
Quality of Life Index	n/a	Indicator is under development	Human Quality of Life
Sound behavior Index	n/a	Indicator is under development	Human Quality of Life
Birds	n/a	Indicator is under development	Species and Food Webs

Attachment 2 - Barriers to Implementation of the Action Agenda

Barriers to Implementation and Recovery

We described some of the barriers to full implementation of the 2008 Action Agenda Near Term Actions in our summary above. In this section, we focus on systemic barriers that have been identified by our partners that affect and will continue to impede our efforts moving forward. A number of these are in the Science Panel letter to the Leadership Council below as well as elsewhere in this document.

The Action Agenda is simultaneously a visionary and a reality-based document: It looks toward the future and what we need to achieve to meet our 2020 targets. At the same time, it documents the crucial steps we need to take and barriers we must overcome to attain its vision. By their very nature, efforts to change regulations, policies, laws, and even human habits will face roadblocks along the way. Our experience to date suggests that addressing the following barriers will be key to our ultimate success:

Lack of funding. The most crucial and common roadblock is funding. We need to increase the financial capacity of our partners across Puget Sound, and we need a comprehensive strategy that incorporates all existing and potential funding sources. We also need creative approaches to funding and attracting investment in Puget Sound.

Insufficient monitoring and effectiveness data. As noted by both our Science Panel and Puget Sound Ecosystem Monitoring Program Steering Committee (PSEMP), we did not have sufficient funding for complete data collection either geographically or time-wise for several of our vital sign indicators, including swimming beaches and toxics in fish. In addition, data on the effectiveness of actions are only available for a small portion of the Action Agenda's strategies. This lack of region-wide, up-to-date data impedes our ability to understand what adaptive management actions are necessary and to update and enhance Near Term Actions.

More robust performance data. Most of the 2008 Near Term Actions and a majority of the 2012 Near Term Actions lack clear, outcome-oriented performance measures. This is in part due to the lack of monitoring effectiveness data as described above, but also to the difficulty of linking single actions with specific ecosystem outcomes.

Attention to on-the-ground implementation. Every watershed in Puget Sound has different needs and a different context in which actions can be undertaken and completed. For the region to be successful, we must design actions to be effective at the watershed scale. Many actions in the Action Agenda are at a region-wide level; however, to make progress on many of the targets, such as estuary restoration, summer stream flows, freshwater quality, and marine sediment quality, actions must be designed in a specific and location-appropriate manner. Also, we need a better understanding of what can be achieved at the local level to contribute to regional recovery.

Need for an overarching outreach strategy. Many of the priority actions identified require greater public awareness and support. We must have a clear, effective strategy on how to reach the relevant stakeholders and the general public to ensure that people are willing to take the necessary actions and more importantly, to support our politicians in difficult decisions.

Understanding the role of ongoing programs. To date, we do not have a sound-wide inventory of ongoing programs, nor do we have a complete picture of how all of this work contributes to recovery. Without this information, we are not able to evaluate the benefits of shifting funding from existing programs to new programs or initiatives. Making shifts such as this would involve making difficult, and likely controversial, decisions that would be more easily supported if the characteristics and the relative importance of programs were better understood.

Filling our gaps in information on recovery (science). As noted by the Science Panel and detailed in the 2012 Biennial Science Workplan, we often overlook the need to fully fund the research necessary to fill gaps in information critical to regional decision-making on recovery strategies.

Understanding the relationship between science and policy. The scientists in our region must be our partners if a successful, science-based recovery effort is to be forged and carried out. We can ask our scientists for their recommendations on the best courses of action to address a specific set of problems. But many of the hard choices are not just scientific; they also relate to the allocation of scarce resources and an assessment of public tolerance for change. Consequently, dialogue between scientific advisors and policy makers is the only way we can fulfill what state statute requires: creating an effective, focused agenda that is based on science.

Making unpopular decisions. Change is difficult. Change can be unpopular. Many of the decisions necessary to protect and restore an ecosystem as complex as Puget Sound require actions that seem too costly to different segments of our population, even when these actions may benefit the whole. We initiated a robust recovery effort just as the country and Washington State were entering a severe national and international economic downturn. Addressing economic interests and constraints as being fundamental to ecosystem recovery requires an understanding of many complex systems. Balancing expectations for ecosystem recovery with all of the competing demands for services—health, transportation, education, social welfare—in lean economic times requires a distribution of available resources for which there are no correct answers, only choices.

Attachment 3 – RECOMMENDATIONS REGARDING FUTURE ALIGNMENT OF PRIORITIES AND FUNDING

Washington State has a long and successful tradition of protecting its natural resources while using a bottoms-up approach to selecting and implementing priorities. There are a significant number of collaborative efforts around Puget Sound with numerous coalitions of interest groups within every watershed. Coalition members may differ in their individual missions, but have learned that when they work to identify common group and objectives, they can achieve results that are mutually beneficial. Our partners have done the difficult work of building the foundation of cooperation that is critical to success. Yet, funding programs and policies have not evolved to meet the demands that multi-interest conservation require.

RCW 90.71.370(3) requires that the State of the Sound include recommendations on how future state expenditures for all entities, including the Partnership, could better match the priorities of the Action Agenda. The following recommendations are put forward to effectively fund and promote the significant regional priorities that must be achieved for the restoration and protection of Puget Sound.

1. Focus on Strategic Initiatives

As noted above, the Puget Sound Partnership has achieved consensus on three Strategic Initiatives that are intended to guide our region's highest priorities for 2012-2013. We should focus our time and resources to increase and provide multi-year funding for these priorities.

Our funding strategy should address the capacity of all of the involved partners – i.e. tribal, federal, state and local governments, nonprofits, businesses, private landowners and other community members. Our implementation strategies should account for differences in the needs and context of each of the watersheds where programs and policies are implemented. Finally, we must monitor, establish and track measureable results and apply the lessons learned to subsequent efforts so that we may be effective and efficient in what we select to implement and how we use our funding to achieve desired outcomes.

2. Promote outcomes and remove stovepipes

At all levels of government, programs have encountered obstacles to successful project implementation because of the restrictions built into funding sources and policies that limit the use of funds to very specific purposes - purpose that no longer meet the complex demands our natural environment. We also encounter policies that do not foster collaboration nor accommodate blending funding sources to meet collective goals. Accordingly, a project that may only partially meet the criteria for a grant either cannot be funded or must be modified to better meet the purpose of the grant rather than the purpose of the project. The grantor does not have flexibility to modify the criteria even if the proposed project meets a critical purpose that is recognized by the agency or multiple purposes unless the entire project conforms to the criteria.

At a recent Leadership Council workshop, representatives of a number of the Local Integrating Organizations (LIOs) emphasized the need for funding that spanned jurisdictional boundaries to accomplish work that would have ecosystem-wide benefits. Other examples included restrictions on the use of infrastructure funds for projects that might have multiple benefits

because bond and fee program criteria do not allow them to pay for the portion of the work that might have ecosystem benefits. An example at the federal level are Farm Bill programs that are tailored to individual landowner activities and are unable to fund landscape-level planning and ecosystem monitoring that would achieve results for water quality or species conservation as well as agricultural production goals.

To address these problems, we recommend policy changes to funding programs, streamlining application and permitting processes and pooling of multi-agency funding sources to focus on accomplishing objectives. At the federal level, we recommend that the Council on Environmental Quality and the Office of Management and Budget review and amend existing laws and procedures to allow agencies to pool funds and allow multi-year budgeting that is flexible and focused on meeting outcomes.

3. Transform collaborative funding models to increase the pace of recovery

As mentioned earlier, the region has been successful in employing a collaborative model to fund and implement projects. These efforts have proceeded through the initial stages of a project – e.g. developed a scope of work, complete project design, and have linked together numerous matching grant programs for implementation. Yet, they find themselves unable to proceed to the next phase either because they are competing for funds with a number of smaller initial projects, or because regional funding is limited to small grants. Restrictions on what will be considered for matching as well as the limitations of some of the smaller entities to provide matching dollars has impeded our ability to move forward with larger scale projects.

The Salmon Recovery Council has taken one of the first steps in addressing this issue by modifying the formula for project funding allocation of Puget Sound Acquisition and Restoration funds to prioritize some of the larger scale projects that have regional benefit.

We recommend that public funding agencies and the private philanthropic sectors support a catalyst funding approach for completing the high priority large scale projects that have been developed through collaborative partnerships. We request that funders use the multi-interest goals and past performance of partners as evidence of the effectiveness of the collaborative proposal as opposed to how many small grants the proposers can cobble together. We also recommend that funders examine their matching requirements to accommodate the realities of some of the partners with limited budgets but who will be contributing to project success.

4. Identify and fund and reform incentive programs

There are numbers of incentive programs proposed as near-term actions in the 2012 Action Agenda (e.g. waste disposal for boat owners, property setbacks, best management practices, low impact development). Within our region, we have emphasized the importance of incentive programs in enabling and motivating business owners and individuals in our communities to modify their practices or incur expenses that they are not required to incur in order to benefit the ecosystem. We need to identify what it will take to fully fund these incentive programs in order to ensure that they produce the results we are seeking from these programs. We also need to work with the communities that these programs seek to attract to determine what incentives are attractive to them rather than only creating incentives programs that meet an existing regulatory framework.

Attachment 4 – COST ESTIMATES FOR IMPLEMENTING STRATEGIC INITIATIVES

The Action Agenda for Puget Sound includes three Strategic Initiatives designed to guide our priorities for 2012 and 2013. These are the areas where we intend to focus time and resources, to increase funding, to seek changes that improve policy, to report success and apply lessons learned, and to educate and engage citizens in the recovery effort. Exhibit B-2 shows the financial estimates for the near-term actions aligned to the three strategic initiatives: prevention of pollution from urban stormwater runoff; Protection and restoration of habitat; and Recovery of shellfish beds. As the table shows, in these priority areas of focus there is currently an estimated funding gap of over \$370 million.

As the table shows, in these priority areas of focus there is currently an estimated funding gap of over \$370 million. It is important to understand that this funding gap is simply for those near-term actions identified for Strategic Initiatives and does not account for shortfalls of all ongoing programs that are the centerpiece of the work of all of the state, federal, local agencies and Puget Sound tribes, such as current and future costs for stormwater protection.

Exhibit B-2: Three-year estimates for 2012 Action Agenda Strategic Initiatives, all Near Term Action Owners
(Dollars in 000s)

Strategic Initiative	Cost Estimate	Estimated Budget	Estimated Funding Gap
Protect Habitat	*\$379,297	\$16,942	\$362,354
Prevent Pollution from Urban Stormwater Runoff	\$20,916	\$13,910	\$7,006
Recover Shellfish	\$8,342	\$7,264	\$1,077
TOTAL	\$408,556	\$38,118	\$370,438

The cost estimates do not represent costs for recovery Puget Sound but are for implementing the Action Agenda near term actions. Cost estimates do not account for shortfalls of all ongoing programs that are the centerpiece of the work of all of the state, federal, local agencies and Puget Sound tribes, such as current and future costs for stormwater protection.

Note: Washington State Department of Fish and Wildlife budget estimates not available at this time.

*Strategy A – Freshwater, cost estimate includes \$350 million in capital costs related to Chinook investment (NTA A6.1.1)