

CHEHALIS BASIN BOARD MEMORANDUM

Date: January 11, 2024
To: Chehalis Basin Board
From: Cindy Malay, Program Operation Coordinator
Re: Board Discussion and Guidance on Integration of Federal Funding into Long-Term Strategy and 2025-27 Budget Development Process

Intent

This memo is intended to initiate discussion by the Chehalis Basin Board on how a long-term federal funding strategy should be structured and discuss considerations needing further refinement for the 2025-2027 budgeting development process. The goal is to get Board input and support to define a more robust and cohesive federal funding strategy that aligns with the Board's overall objectives.

This memo requests Board feedback on (1) options for how to structure a long-term federal funding strategy, (2) potential actions to include in a long-term federal funding strategy, and (3) potential funding-related actions to consider for the 2025-27 budget proposal.

Current Consultant Support Limitations and Challenges

There's a recognized need to shift towards a more sustainable federal funding approach. Under OCB's current federal funding support framework, the focus has been on providing partners a suite of options for grant writing support. OCB effectiveness is directly tied to the level of engagement by sponsors that are interested in seeking federal grants. Our current consultant support is characterized by ad hoc grant writing and is focused on near-term and immediate grant opportunities available. This has provided OCB with a starting point for a federal funding strategy but has limitations to what it can provide to ensure a sustainable funding approach long-term.

One of the largest hesitations we hear from partners is the level of effort needed to write a full grant application, which can be costly and time consuming even with consultant support, and it doesn't guarantee them a successful award of funding. This means that partners may need to apply to multiple grants to try and get the funding they need. For a small organization, this can quickly use their limited resources. Partners have also voiced their reluctance to bring projects forward due to the initial and ongoing administrative responsibilities associated with maintaining a federal grant.

The challenge lies in developing a strategy that can navigate the highly competitive landscape and accommodate the less flexible nature of federal dollars. A long-term strategy must be multifaceted, and OCB cannot fully rely on sponsor-led requests for grant writing to secure federal dollars. While OCB can continue to provide grant writing support, it is not sufficient to fund the level of projects and initiatives being implemented through the Chehalis Basin Strategy.

Sustainable Federal Funding Approach

Structuring a long-term federal funding strategy will require a sustainable funding approach that is two-pronged. A more proactive top-down approach led by the state and supplemented with the current grassroots approach with local partners could be a viable option and provide the bolster needed. The Board's emphasis on securing funding for large-scale fish, flood, and multi-benefit projects underscores

the need to pursue these opportunities more aggressively. A state-led approach would be more cohesive and tailored with a focus on identifying projects and developing funding strategies to address some of the uncertainty of biennial legislative appropriations. Specifically talking about roles for seeking, acquiring, and diversified funding sources for CBS, a state-led approach would be run through OCB, but could also be supported by other state sponsors involved in the Strategy. In addition, grassroots efforts could continue under the current locally led approach, in which opportunities are identified and supported from the bottom-up and on a case-by-case basis.

Federal funding is available for larger projects, such as habitat restoration, protecting infrastructure, erosion management, and climate resiliency. However, funding is scattered across a wide range of grant opportunities, with varying goals, making it challenging for smaller, lower capacity organizations to coordinate and pursue. Staff have also seen that applications are most competitive when they demonstrate reach-scale, multi-benefit elements, and often require multi-partner coordination and state sponsorship. By taking a top-down approach for seeking federal funding, the state can coordinate with multiple local partners and more easily identify more competitive projects, and advocate on their behalf. This will help remove some of the barriers of entry and allow partners an opportunity to receive funding from multiple sources.

We can also draw inspiration from successful partners like the cities of Aberdeen and Hoquiam who have showcased how federal funding can significantly enhance their long-term goals. Through their proactive approach, the cities were successful in securing \$14.9M in direct Federal appropriation and \$50M BRIC grant dollars over the last biennium. They in turn, used those dollars to leverage an additional \$35.5M from the State Legislature. This strategy allowed them to fully fund the design, permit, and construction needs for the North Shore Levee project.

Integration with Long-Term Strategy

OCB staff have developed a number of recommended actions that could be explored in greater detail and incorporated into a long-term federal funding strategy. Actions include:

1. **Diversify Funding Streams:** Prioritize diversifying funding beyond state funding and look for innovative funding models to reduce dependency on a single funding channel.
2. **Strategic Project Bundling:** Consider bundling related projects to pursue larger federal grants, identifying clusters with shared themes for increased collaboration and chances of securing substantial funding.
3. **State-Led Application Development:** Increase efforts in state-led grant application development, positioning the state as the primary sponsor and local partners as sub-recipients to streamline processes.
4. **Phased Project Approaches:** Encourage a phased project approach, learning from cases like the Satsop project, to enhance sponsor opportunities and align with the Board's long-term goals.
5. **Integration with Existing Efforts:** Integrate Chehalis Basin Strategy goals with pre-existing efforts by state and local partners, fostering collaboration with entities such as FEMA, EMD, Ecology, Tribes, American Rivers, Salmon Lead Entity, and others.
6. **Engagement with Partners:** Collaborate with state and local partners, facilitating regular communication to identify shared objectives and align strategies for accessing federal funding.
7. **Fund Tracking and Reporting:** Allocate resources for documentation and reporting of federal funding awarded for projects in the Chehalis Basin, providing insights for future strategy adjustments.

These OCB staff-proposed recommendations aim to be adaptive and can be a strategy that provides long-term sustainability. By integrating federal funding into our ongoing initiatives through collaboration with local partners and alignment with existing state projects, we are moving to mitigate our dependency on state funds. The actions outlined above can all combine into a holistic approach. Through collaborative engagement we are being responsive to change and being proactive in developing a sustainable plan, where federal funding becomes integrated into our long-term goals.

Integration with 2025-2027 Budgeting

Beyond the recommendations previously outlined, additional measures are crucial to reinforce a sustainable approach and ensure the success of the Board's funding objectives. Leveraging state dollars efficiently and addressing the administrative burden on local partners should be at the forefront of funding strategy budgeting priorities.

OCB staff have developed the following considerations for the Board's 2025-2027 budget priorities to put the recommendations above into action:

1. **General Fund-Federal Spending Authority¹:** The Board may consider including an explicit request in the 2025-2027 budget package to the Governor's Office that requests spending authority to support anticipated federal grant funding. This would align with a state-led grant sponsorship approach and signal to the legislature that the Board is taking a more proactive stance in diversifying the Strategy's funding approach.
2. **Local Capacity Building:** Allocate resources for support and education aimed at empowering local partners in navigating the difficulties of federal grant applications. This investment could reduce the perceived effort and costs associated with grant writing and could also foster increased participation and success rates.
3. **Technical Grant Writing Assistance:** Continue to dedicate funds to provide grass-roots grant writing assistance through the current technical support structure developed by OCB. This will continue to support local project sponsors in writing federal grant applications and will improve the quality of proposals, increasing sponsors chances of securing successful awards.
4. **Consultant Support:** Set aside a budget for federal funding expertise consultation. Expert guidance will help to identify funding opportunities and support staff to evaluate and rank competitiveness of projects and to ensure that resources are appropriately assigned to applications that could be competitive on a national scale.
5. **Stakeholder Engagement Events:** Set aside a dedicated portion of the budget for hosting stakeholder engagement events, workshops, and information sessions. These forums will serve as effective communication tools, address concerns, and foster a collaborative network among stakeholders.

The Board's commitment to sustainability and large-scale projects will need to find a solid foundation in a comprehensive approach, ensuring that our financial planning aligns with our strategic goals. By exploring these considerations in further detail, it will help staff navigate how the Chehalis Basin

¹ In the 2017-2019, Governor's Chehalis Basin Work Group recommended a \$60M budget including \$20 million (\$10M state and \$10M federal funds) to be used for construction of aquatic species habitat restoration projects. Through that recommendation, OCB did receive \$10M in General Fund-Federal (GF-F) spending authority to support anticipated federal grant funding.

Strategy fits into the federal landscape and create a funding approach that resonates with the Board's overarching vision.

Guidance for Federal Funding Strategy Approach

As previously stated, a comprehensive and holistic approach is critical to ensure proposed actions collectively contribute to a sustainable and impactful federal funding strategy that align with the Board's overarching strategy. OCB staff are looking for guidance by the Board on what it believes to be the most crucial in defining and implementing a comprehensive federal funding strategy. As staff look to develop a strategic approach for federal funding, there are considerations and guidance questions that need direction to move forward.

Questions for Board Discussion and Direction on January 11, 2024:

- What does the Board envision as the appropriate structure for a long-term federal funding strategy (see sustainable federal funding section above)?
- Of the recommended actions outlined from the strategy implementation proposal (see integration with Long-Term Strategy section above), are there specific recommendations that staff should explore in greater detail?
- As part of the Board's 2025-27 budget development process, are there certain actions staff should focus on refining (see integration with 2025-2027 budgeting section above)?

With Board guidance, OCB will work toward gaining a clearer understanding of what should be evaluated as a consideration and be included in a funding strategy. Staff will return on a quarterly basis to provide the Board updates on the ongoing development.