

MEMORANDUM

Date: June 28, 2021
To: Vickie Raines, Chair, Chehalis Basin Board
From: Andrea McNamara Doyle, OCB Director
Cc: Chehalis Basin Board Members
Re: Contingency Planning for 2021-23 and Use of Unobligated Re-appropriations from 2019-2021

Background

This memorandum responds to your request of June 16, 2021 to provide a scaled-down OCB administrative budget in the event that the Chehalis Basin Board does not reach agreement on the 2021-2023 biennial budget. It also includes a recommendation for allocating residual, unallocated funds from the 2019-2021 biennium, based on the memorandum I provided the Board on June 1 concerning unobligated 2019-2021 funds.

In short, at the July 1 Board meeting, I will be recommending a scaled-down contingency budget that includes adequate resources for OCB, and where necessary participation by partner organizations, to support the Board's continued deliberations related to approving a new 2021-2023 budget and spending plan. I will also be recommending reserving the \$4.4M of unobligated re-appropriated funding from the 2019-2021 biennium as contingency funds to be used at the OCB Director's discretion to cover costs associated with the scaled-down operations as needed until the Board approves a new 2021-2023 budget and spending plan.

Contingency Plan for 2021-2023

Until specific projects are approved by six of seven voting members of the Board, several new projects, and new phases of existing projects, will not be able to move forward. This will create delays in spending the 2021-2023 capital budget appropriation and in completing work that has been planned and proposed.

Depending on the length of the delay, this could have several additional consequences beyond the inability to move new projects forward as previously anticipated. For example, it will affect how much unspent, unobligated project funds will be left at the end of the next biennium, which could negatively impact the Board's success in seeking additional funding for the Strategy in the future.

It may also affect OCB's ability to replenish project funding for on-going, phased projects such the North Shore Levee, Lower Satsop Restoration and Protection, and finalizing the SEPA and NEPA EISs. And it may affect participation funding for the many partner organizations (such as conservation districts, tribes, and local and state agencies) who rely on these funds to pay for their staff to participate on various project teams related to planning for and managing implementation of specific projects. Extended delay could also affect OCB's ability to maintain consultant support for these project-related efforts, such as for the ASRP Steering Committee, CFAR technical assistance to landowners, project-related cultural resource and technical review teams, etc.

Scaled Down Administrative Budget

In the event the Board is unable to reach agreement on 2021-2023 project funding, OCB will maintain core agency and contractor staffing levels at OCB and WDFW necessary to continue providing operational oversight, coordination, and fiscal accountability of projects that are already funded and currently underway, and supporting the Board's continued efforts to approve a spending plan for 2021-2023 projects. It is difficult at this point to provide a specific budget number associated with this contingency plan for a couple of reasons: first, because current funding arrangements do not all segregate costs in this manner, and second, because it is unknown how long a delay might last or if it would exceed OCB's ability to use remaining unobligated 2019-2021 funds to cover the temporary delay.

Necessary scaled-down work that will continue includes:

- Providing financial accountability and project management, technical assistance, and stakeholder coordination on individual projects that are currently funded and in progress, including assisting in maintaining the RCO PRISM database for Chehalis Basin Strategy activities to ensure agency and consultant staff are regularly reporting and monitoring their grant and contract deliverables
- Supporting Board meetings, including facilitation, coordination, facilities and travel expenses, and materials development
- Serving as the primary point of contact for Board members, local and tribal governments, other state and federal agencies, members of the public, and other entities for inquiries related to Chehalis Basin Strategy activities
- Providing budget preparation and management support, media relations, communications and outreach support, and administrative support, including maintaining the chehalisbasinstrategy.com and OCB websites

Depending on the length of any delay, this scaled-down administrative budget may also require OCB to provide new, limited capacity/participation funding for core partners who are engaged with the overall strategy or managing existing projects, in those instances where their participation funding has not previously been tied to specific projects. This could include conservation districts, Flood Authority staff, and tribes.

Project Impacts

ASRP

On-Going ASRP Work

Most existing ASRP projects, which are currently funded with 2019-2021 appropriations, will not be immediately affected by a delay in the Board's approval of the 2021-23 budget allocations and project spending plan. Those projects will continue until the 2019-2021 funds currently obligated to each of them are depleted.

For those on-going ASRP projects and studies that are depending on a new phase of funding, the next phase of work or data collection will be delayed until the budget is approved by the Board. This will happen at different times for different projects/studies. For example, the most immediate impact will occur in the ongoing studies that are in the final year of data collection. This final season of data collection (summer 2021) was anticipated to be funded from the 2021-2023 biennium. If funding is not available for to collect this summer's field data, it will reduce the overall study outcomes and statistical certainty of results.

This is the list of new ASRP project work that will not be able to move forward until six of seven voting members of the Board approve the 2021-2023 budget allocations and project spending plan.

New ASRP habitat protection and restoration projects

- Construction of up to 13 miles of new priority reach-scale habitat restoration projects to protect critical habitat and at-risk species.
- Construction of up to five new restoration projects to protect critical amphibian habitat and create cold water refuge habitat.
- Up to six property protection acquisitions to protect high quality habitat.
- Up to 16 miles (supported by up to eight partial full-time equivalent personnel [FTEs]) of project development and design efforts in immediate priority sub-basins to prepare projects to be construction-ready for funding by the 2023–2025 funding cycle.

New ASRP implementation support projects

- Strategic material sourcing to accelerate implementation of future restoration projects
- A locally-led process to build project ownership and landowner willingness
- Project review capacity, including permitting/cultural resources support
- New monitoring and adaptive management studies, including the status and trends sampling program, project effectiveness sampling program, and hypothesis testing sampling program. These new programs were designed and planned to begin collecting data during summer 2021. The study leads have identified the following impacts from anything more than a minor delay in executing contracts after July 1:
 - Status and Trends study impacts equate to data gaps in long term datasets which will reduce our ability as a program to draw trendlines in population response to restoration
 - Project Effectiveness impacts will be to pre-project monitoring only, though will likely shift the study design for all PE work as there will only be post project data available to collect (which will likely mean increased funding is needed to sample reference sites over time)

New All-H Integration and Predation

- New work to advance the integrated management of habitat, harvest, hatcheries, hydropower and predation

Flood Damage Reduction

On-Going Flood Damage Reduction Work

Existing flood damage reductions projects that are currently funded with 2019-2021 appropriations, will not be immediately affected by a delay in the Board's approval of the 2021-23 budget allocations and project spending plan. Those projects will continue until the 2019-2021 funds currently obligated to each of them are depleted. For example, local projects currently funded from the Flood Authority's 2019-2021 project list, are not affected.

For those on-going projects that are depending on a new phase of funding, the next phase of work will be delayed until the budget is approved by the Board. This will happen at different times for different projects. For example, while Phase I of the Lower Satsop Restoration & Protection Program is not affected, Phase II funding requested by Grays Harbor County through the Flood Authority will not be available until the 2021-2023 budget is approved by the Board.

Additionally, funding for the final SEPA and NEPA EISs that is already obligated from 2019-2021 funds to the agencies, applicant, and each of their consultants, will not be affected by a delay in the Board's approval of the 2021-2023 budget. But as funds in those individual contracts are depleted, work related to the EISs by the agencies, Flood Control Zone District (FCZD), and their consultants, will need to stop unless and until the Board approves additional funding from the 2021-2023 appropriation. It is not possible to predict exactly when that might happen for each individual contract because it depends on the remaining balance and pace of spending by each recipient. The FCZD's contract has been identified as the one likely to be depleted earliest, which could affect the applicant's ability to submit information for the final SEPA and NEPA EISs within the timeline they had developed with the agencies.

New Flood Damage Reduction Work

This is the list of new project work that will not move forward until six of seven voting members of the Board approve the 2021-2023 budget allocations and project spending plan.

Local Actions Program Alternatives & Flood Damage Reduction Road Map

- New steering committee, basin-wide planning group, local actions alternative team – and related staff/technical support and public processes – to define a local actions alternative to the proposed retention facility or to develop a comprehensive flood damage reduction roadmap
- New independent review of any local actions alternative to the proposed retention facility project, or to evaluate a comprehensive flood damage reduction roadmap

Flood Retention Facility/Airport Levee Project

- Funding to the FCZD for any additional design and engineering input into preliminary HPA permit applications, and land valuation and option agreement negotiation

North Shore Levee West Segment

- OCB support for the cities of Aberdeen and Hoquiam to complete final design and right-of-way acquisition to achieve shovel-ready status on the West Segment.

Flood Authority Local Projects

- OCB support for the following local projects
 - Grays Harbor County: Lower Satsop Restoration & Protection Program (Phase II)
 - Hoquiam: Queen Ave Pump Station
 - Hoquiam: 10th Street Pump Station
 - Aberdeen: Farragut Street Pump Station Rebuild
 - LCFC#1: Chehalis Industrial Park Flood Conveyance
 - Lewis County: Boistfort (South Fork Chehalis)
 - Aberdeen: Fry Creek Phase IIIa Pre- Design Planning & Alternatives Analysis
 - Cosmopolis: Mill Creek Phase II Multi -Objective Implementation Plan
 - Port of Grays Harbor: Chehalis River Erosion (Satsop Business Park)

New CFAR projects

- Next round of up to 20-30 projects for property owners seeking financial assistance for home elevations, crawlspace and flood vent opening retrofits, or property acquisitions.

Local Area Structural Flood Protection Feasibility & Floodplain Mapping/Modeling

- New feasibility-level analysis in two areas on the Skookumchuck that could benefit from local structural flood protection such as levees (Lower Skookumchuck in Centralia, and Skookumchuck near Bocado).
- New mapping and modeling analysis along up to four tributaries, prioritized with input from local governments, to evaluate the magnitude and extent of existing flooding problems and identify potential flood damage reduction alternatives. Potential modeling focus areas: Skookumchuck River Flooding of Highway 507 and Town of Bocado; Mill Creek Flooding Near Cosmopolis and South Aberdeen; Black River Floodplain Storage Assessment; Salzer Creek Floodplain Analysis and Storage Assessment

Integrated Projects and Programs

This is the list of new integrated projects and program work that will not be able to move forward until six of seven voting members of the Board approve the 2021-2023 budget allocations and project spending plan.

Skookumchuck Dam Analysis

- Detailed feasibility study of potential Skookumchuck dam modification/removal options, and modeling of potential benefits for aquatic species (primarily spring Chinook and steelhead) and/or flood damage reduction downstream of the Skookumchuck dam from different scenarios. This analysis would build upon and be informed by initial work occurring in 2021 to compile existing information on the dam and its operations and upper watershed conditions.

Erosion Management Strategy to Reduce Damage to Aquatic Species and Property

- Feasibility analysis and design for three high-priority erosion reaches, and final design for one pilot project that would include bioengineered bank treatments to protect infrastructure and adjacent lands and benefit aquatic species at a reach-scale.
- Detailed reach-scale erosion hazard mapping for up to 20 miles of priority erosion areas that could inform further project analyses and designs in the 2023-2025 biennium.

Floodplain Acquisition Program & Land Use Recommendations & Guidance

- Design and early implementation of a coordinated acquisition program for both flood damage reduction and aquatic species protection to acquire development rights and/or use other incentives to discourage expansion of high-density zoning, maintain low-density zoning in rural areas, and prevent environmental damage. This could also include the design of a floodplain and habitat revolving acquisition fund.
- Initial master planning work in one jurisdiction, such as Centralia, to prepare for a potential larger-scale relocation of residents from floodprone areas to higher ground.
- Support and guidance to local governments to implement land use recommendations.

Community Outreach

- Implementation of a more inclusive public involvement strategy, centering the interests of priority audiences such as landowners, environmental justice communities, economic development organizations, and other affected communities and groups. The funds would be used to produce tailored education and outreach materials; and to plan and conduct workshops, site tours, trainings, and other similar opportunities intended to increase awareness of, and engagement with, the Strategy.

New State, Tribal, and Local Agency Program Participation

- New funds for state and local agency, and tribal staff or consultants to participate in any new meetings or other processes, or technical analysis, related to general future planning for the ASRP, Flood Damage Reduction, or Integrated projects.

Unobligated Re-appropriations from 2019-2021

In my June 1, 2021 memorandum to the Board, I reported an adjusted total of approximately \$4.4M remaining in unobligated 2019-21 funds. The table below summarizes these estimates by fund type.

Table 1: 2019-21 Unobligated Funding Summary

BUDGET FUND TYPE	2019-21 UNOBLIGATED (IN MILLIONS)	PENDING CONTRACT AMOUNTS	ADJUSTED 2019-21 UNOBLIGATED (IN MILLIONS)
AQUATIC SPECIES HABITAT RESTORATION PROJECTS	\$2.1	\$2.1	\$0
FLOOD DAMAGE REDUCTION PROJECTS	\$2.8	\$2.4	\$0.4
ACTIVITIES TO ADVANCE THE LONG-TERM CAPITAL STRATEGY	\$4.0	\$0	\$4.0
TOTAL	\$8.9	\$4.5	\$4.4

Also in that memorandum, I had identified a number of potential new work elements, or contingencies, that these funds could be used for in the 2021-23 biennium. Those options were prepared on the assumption that the Board would approve a 2021-2023 spending plan by July 1. They included the following:

- Developing a comprehensive flood damage reduction strategy, which was not originally included in the 2021-23 budget options presented to the Board, but which was identified as a priority at the May 17 Board meeting and proposed for inclusion in the budget at the June 3 meeting. The initial estimate for this work was approximately \$500K - \$1.5M.
- New project opportunities beyond what has been identified in the 2021-23 budget options presented to the Board.
- Additional staffing needs for state and local agencies and tribes beyond what has been identified in the 2021-23 budget options presented to the Board.
- Changes in cost/scope due to unanticipated requirements for the NEPA or SEPA EISs or other critical work elements beyond what has been identified in the 2021-23 budget options presented to the Board.
- Cost overruns or unanticipated additional funding needs on existing aquatic species habitat restoration or flood damage reduction projects.

Recommendations

In light of current circumstances, I recommend:

- The scaled-down contingency budget include adequate resources for OCB to support the Chehalis Basin Board, and where necessary participation by partner organizations, in the Board's continued deliberations related to approving a new 2021-2023 budget and spending plan
- The Board not allocate any of the currently unobligated \$4.4M of re-appropriated funds from the 2019-2021 biennium until the Board approves a new 2021-2023 budget and spending plan
- Reserving the \$4.4M as contingency funds to be used at the OCB Director's discretion to cover costs associated with the scaled-down tasks outlined on page 2 as needed until the Board approves a new 2021-2023 budget and spending plan