



**DEPARTMENT OF
NATURAL RESOURCES**

**OFFICE OF THE COMMISSIONER
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To: Terra Rentz, Chair, Forest Health Advisory Committee (FHAC)
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CC: Jen Watkins, Forest Resilience Division Manager
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FHAC and WFAC Committee Members

From: Alex Smith, Deputy Supervisor – Forest Resilience, Regulations, and Aquatic Resources
George Geissler, State Forester and Deputy Supervisor – Wildland Fire Management

Date: September 9, 2022

Subject: Joint Workgroup Tasking Memo for Wildfire Response, Forest Restoration, and Community Resilience Account “unallocated” fund disbursement advisement

Attached: August 2022 Joint Committee Memo

Title: Joint Workgroup on Wildfire Response, Forest Restoration, and Community Resilience Account “unallocated” fund disbursement advisement

Requested By: Alex Smith, Dep. Sup. FRRAR; George Geissler, State Forester and Dep. Sup. WFM

Task Leaders: Terra Rentz, Strategic Advisor, FRARR; Loren Torgerson, Wildland Fire Policy Advisor

- 1. Overview:** Specific topics of the Forest Health Advisory Committee (FHAC) and Wildland Fire Advisory Committee (WFAC) may benefit from more focused, small group discussions. A Joint Work Group from both Committees is proposed to complete in-depth review and provide advice on the Wildfire Response, Forest Restoration, and Community Resilience Account (*hereafter* the Account) “unallocated” fund disbursement (*hereafter* the Account Joint Workgroup (AJW)). The purpose of this document is to provide an overview of the objectives, work products, and timeline for the AJW. Any work products, recommendations, or other input will be communicated jointly to the full FHAC and WFAC for approval before being finalized for review by the Commissioner of Public Lands and the Washington Department of Natural Resources (DNR) leadership.
- 2. Intent:** The intent of this task is to jointly engage the FHAC and WFAC to provide recommendations to the DNR concerning program-level improvements of relevant DNR programs that provide ability to pass-thru funding to implementation partners, and general advisement on the relative distribution of unallocated funds from the Account to support the stated goals and objectives of the Account and [2SHB 1168](#) for the 2023-2025 biennium.
- 3. Background:** *See* August 2022 Committee Memo
- 4. Purpose:** 2SHB 1168 established a new Account and identified the FHAC and WFAC as key partners in informing the use of this Account and the distribution and prioritization of funds. The bill includes a number of activities that are eligible for funding through the Account with funding

priority given to programs, activities, or projects aligned with the 20-Year Forest Health Strategic Plan, Washington State Wildland Fire Protection 10-Year Strategic Plan, and Washington Forest Action Plan (*hereafter* DNR Strategies) across any combination of local, state, federal, tribal, and private ownership.

The purpose is to employ expertise, knowledge, and constituent connections of FHAC and WFAC in the policy-level review of relevant DNR programs that can provide pass-thru to other partners to support delivery of DNR's Strategies and provide recommendations to DNR Programs and the Commissioner of Public Lands including (i) recommending program-level improvements to accessibility, transparency, selection criteria and project prioritization, reporting, and monitoring, (ii) identification of critical gaps that inhibit effective solicitation of key projects or the ability to address novel approaches to forward DNR Strategies, and (iii) recommending appropriate funding levels and relative prioritization to ensure effective delivery of pass-thru program objectives.

5. **Task Description:** Gain an in-depth understanding of relevant DNR programs that provide pass-thru capability utilizing DNR-staff provided program characterization information and staff-led program presentations to garner knowledge on the following aspects of each program:
 - Program purpose;
 - Program targets and objectives
 - Relationship to and ability to deliver on DNR Strategies;
 - Current processes for addressing environmental justice and equity;
 - Current processes for access and solicitation transparency;
 - Scoring and/or prioritization factors and criteria;
 - Deliverable and outcome monitoring; and
 - Funding, including historic and current levels, and potential alternative funding sources.
- A. Specific to each program, evaluate and make recommendations for use by DNR staff for:
 - i. Program-level improvements or enhancements to ensure consistent and transparent access, solicitation, selection/ranking criteria, monitoring and reporting, and to maximize effectiveness of the allocation of funds to partners to achieve the objectives and goals of the Strategies.
 - ii. Improved funding accessibility and transparency to Tribes for applicable pass-thru programs.
 - iii. How to better integrate environmental equity considerations into program criteria or processes.
- B. Assess and identify gaps in existing DNR pass-thru programs to highlight where potential novel restoration, resilience, and/or preparedness proposals do not have an available funding pathway, and recommend potential solutions.
- C. Develop funding distribution recommendations for pass-thru levels through these programs that include:
 - i. Identify base funding levels to achieve program targets and outcomes;

- ii. To the greatest extent possible with the information available, take into account potential alternative funding sources that may provide additive support to the pass-thru program;
- iii. Effectively prioritize funding allotments from the Account to those programs with the greatest need and highest priority for outcome delivery.

6. Timeline:

- October-December 2022: Convene AJW at a bi-weekly frequency to gain a robust understanding of pass-thru programs, utilizing DNR-staff provided materials, deep dive presentations, and dedicated time with DNR program staff.
 - December 2022-February 2023: Develop program-specific recommendations for use by DNR staff to improve delivery of pass-thru function in programs. Provide recommendations, via the full committee to DNR Division Leadership.
 - February – March 2023: Complete gap assessment and develop funding distribution recommendations. Provide recommendations, via the full committee to DNR Leadership (AJW Adjourns).
 - March – May 2023: DNR leadership directs program staff to evaluate and implement relevant recommendations to pass-thru program operations and processes, and makes preliminary funding level recommendations to programs.
 - May – July 2023: DNR staff finalize recommendations within programs, informed by the AJW, and provide to Commissioner of Public Lands for final decision.
- 7. Assigned to:** For consideration by the full WFAC and FHAC, with specific elements of the task and first draft deliverables to be completed by the assigned Joint Workgroup. The entire WFAC and FHAC shall be included in making key decisions and approval of final products.
- 8. Joint Workgroup Composition and Expectations:** The AJW shall be comprised of members of both the FHAC and WFAC, with initial solicitation occurring at the September 13 and 15 Committee meetings respectively; requests to participate are due no later than Thursday, September 22, 2022. The AJW shall convene with an introductory meeting in October with a frequency of no less than one meeting every other week through December. Subsequent meetings shall occur January through March at a frequency of no less than twice monthly.
- 9. Products to be generated:** A report providing analysis and recommendations on the identified topics.
- 10. Final Disposition:** The report is to be delivered to George Geissler and Alex Smith for staff use in the development of final recommendations for the Commissioner of Public Lands.
- 11. Due Date:** Final Report – March 31, 2023; Interim report with program-specific enhancement recommendations due February 24, 2023

**WILDFIRE RESPONSE, FOREST RESTORATION, AND
COMMUNITY RESILIENCE ACCOUNT**

JOINT ADVISORY COMMITTEE MEMO

August 2, 2022

This briefing memo outlines a proposed approach for allocating pass-thru funding from the Wildfire Response, Forest Restoration, and Community Resilience Account (Account) and engaging the Forest Health Advisory Committee (FHAC) and the Wildland Fire Advisory Committee (WFAC) to brief them on the proposed carry-forward and pass-thru budgets and solicit their recommendations regarding the alignment of the budgets with Wildland Fire Protection 10-Year Strategic Plan, the 20-Year Forest Health Strategic Plan: Eastern Washington, and the Washington State Forest Action Plan.

The Funds

- The operating understanding, based on legislative intent, is that the account will receive \$125M per biennium for four biennia.
- It is understood that Legislative intent was to align DNR's maintenance funding level from the account with expenditures identified in the fiscal note submitted with the bill in 2021. OFM has clarified that the maintenance funding level described in the fiscal note is \$94.5M for the 2023- 25 biennia.
- OFM has expressed support that the remaining \$30.5M in the account this biennia be allocated to organizations that complete specific work for successful implementation of the Wildland Fire Protection 10-Year Strategic Plan, the 20-Year Forest Health Strategic Plan: Eastern Washington, and the 2020 Forest Action Plan.
- DNR's Executive Management, in discussion with OFM, has set a standard that DNR's maintenance level request and the \$30.5M unallocated allotment will both *independently* satisfy the minimum percent threshold requirements for the bill (25% minimum for Forest Restoration and 15% minimum for Community Resilience).
- OFM has suggested that all funds within this account to non-state entities be administered by DNR and will be requested as part of DNR's Decision Package process for the 23-25BN. Other state agencies may all serve as the administrator for pass-through funding from the account.
- DNR has identified that existing pass-thru programs, including but not limited to Voluntary Fire Assistance Grants, Operational Grants to Fire Districts, Landowner Assistance Cost-Share, All-Lands Direct Investments, Community Resilience Mitigation Grants, and Building Forest Partnerships Grants are the most effective and transparent mechanisms to administer and disburse funds to both state and non-state entities.

The Account Behavior

- No new funding source has been identified for the account at this time. The account will currently function as a GF-S Receipt Account (i.e. the funding source is GF-S).
- The current understanding is that the Account will be a Biennial allocation, and not a Fiscal Year allocation. This means that funds will be allocated for a full 2-year expenditure timeframe, and not bound by a single fiscal year.

How Funds are Requested

- While multiple state and non-state entities are identified as potential recipients for Account

expenditures, non-state agencies require a state sponsor for their budget requests.

- State agencies are understood to be authorized to request expenditures through their own agency budget request process. Agencies are encouraged to provide full transparency to the Committees on their requests to ensure they are in full alignment with the sideboards of the Account.
- DNR shall serve as the sponsor entity for all non-state requests, except in the instance of Conservation Districts, which we propose be consolidated with the allocation to the Washington State Conservation Commission (WSCC) and be coordinated through that agency.

The Role of WFAC and FHAC

- 2SHB1168 provides for soliciting “*the forest health advisory committee...and the wildland fire advisory committee...to provide recommendations for investments*” on the account. Therefore, DNR is interpreting this direction to transparently share and solicit feedback on the agency’s use and delivery of maintenance funds from the account, and solicit both committees advice on the utilization of “pass-thru funds”.
- Expenditures from the account may be made to: state agencies, tribes, local governments, fire and conservation districts, nonprofit organizations, forest collaboratives, and small forest landowners. This is through various operational program expenditures and contracting work for specific projects.
- Due the ability of other state agencies to both request and directly receive funds from the legislature, OFM has indicated all other state-agency requests can be made directly by those agencies. However, OFM advised that DNR be made aware of all other state agency requests to the Account. While the legislative intent is to provide \$125 million in ongoing biennial funding for four biennium, it does not preclude DNR or other state agencies from asking for new funds if some significant need/opportunity were to arise.
- We believe it is the role and responsibility of the Committees to:
 1. Understand and provide feedback on the criteria, process, and accessibility of DNR programs that “pass-thru funds” will ultimately would flow through to organizations. For competitive grant programs, this includes feedback to the content, timing, and advertisement of requests for proposals. For direct investments, this includes review and feedback of the decision tree for projects suitability, prioritization, and feasibility.
 2. Seek, identify, and review potential requests for 2023-25 HB 1168 “pass-thru funds” and determine the following as a recommendation to DNR:
 - Is the request consistent with the 20-year Forest Health Strategic Plan: Eastern Washington, the Wildland Fire Protection 10-Year Strategic Plan, *or* the Washington State Forest Action Plan?
 - If yes, are the proposed needs “fundable” under the confines of the account? Or more specifically, is the proposal to **monitor, track, or implement:**
 - **Fire preparedness** activities including, but not limited to: (1) firefighting capacity and investments in ground and aerial firefighting resources; (2) equipment or technology; (3) development and implementation of a wildland fire aviation support plan.
 - **Fire prevention activities** to restore and improve forest health and reduce vulnerability to drought, insect infestation, disease, and other threats to a health forest including, but not limited to: (1) silviculture treatments, (2) seedling development, (3) thinning, (4) prescribed fire, (5) post fire recovery
 - **Fire protection activities** for homes, properties, communities, and values at risk including, but not limited to: (1) potential control lines in forests and rangelands near communities; (2) improved warning and communications systems to prepare for wildfires; (3) increased

engagement with non-English speaking communities; and (4) National Fire Protection Association's Firewise USA and the Fire-adapted Communities Network programs to help communities take action before wildfires.

- What DNR pass-thru funding program(s) would be appropriate to consider this request for funding, and based on committee feedback are the funding levels for this program adequate to address the scale of need?

PROPOSED PROCESS

On May 10, 2022 the FHAC issued a tasking memo to convene a small workgroup to develop a process proposal for assessing the use of and distribution of unallocated funds within the account (as they relate to Forest Restoration). The workgroup met twice along with support from Wildland Fire Management Division policy staff and DNR's Budget Director, and developed the following proposal which has been vetted with DNR Executive Management. While the primary focus was on Forest Restoration, at the request of the agency the proposal was inclusive enough to be applied to both Fire Preparedness and Fire Protection activities. That proposal involves first identifying the state-agency allocation to be taken "off the top", and then a robust process to evaluate and recommend funding increases to specific DNR pass-thru programs for distribution to external partners.

Specifically, the process includes the following:

Step 1: Complete discussions with state agencies that will play a direct role in implementing the wildland fire and forest health strategic plans to determine the level of funding requested from this biennia's remaining funds.

Step 2: Subtracting those direct requests for other state agencies establish the level of funding available from the account if fully funded at \$125M for other cooperating organizations, and identify the required minimum distribution among Forest Restoration and Community Resilience activity areas.

Step 3: Develop a holistic decision package that provide process flexibility and that will include:

- A joint statement endorsing state agency requests and their contribution to Washington's integrated strategy to accomplish the 20-Year Forest Health Strategy: Eastern Washington, 10-Year Wildland Fire Protection Strategy, and Washington State Forest Action Plan.
- An articulation of what is included in DNR's maintenance level (carry-forward) request.
- A description of DNR's applicable pass-thru programs, allowable recipients, and associated deliverables, accompanied with language that all remaining unallocated funds will be delivered via these programs.
- A description of DNR's process for evaluating DNR's pass-thru programs, identification of need for pass-thru investment by review of initial requests for funding and other recommendations, and prioritizing where those remaining funds should be distributed.

Step 4: Utilizing the cumulative expertise of both the WFAC and FHAC, conduct a robust review of DNR's existing pass-thru programs and mechanisms to:

- a. Clearly understand which DNR programs are available to fund specific activities;
- b. Recommend to DNR programmatic and communication based improvements to pass- thru programs to improve transparency, establish clear criteria for prioritization, and to accelerate allocation of funds to outside entities;
- c. Evaluate and make recommendations to DNR to improve funding accessibility and transparency

- to Tribes;
- d. Evaluate and make recommendations to DNR on how to better integrate environmental equity considerations into pass-thru program criteria and/or processes;
 - e. Identify gaps in existing DNR pass-thru programs to highlight where potential novel restoration, resilience, and preparedness proposals do not have a suitable funding pathway, and recommend potential solutions; and
 - f. Understand if and where additional investments in specific pass-thru programs may require additional DNR capacity to implement;
 - g. Recommend, based on current deliverables and goals, funding levels for each pass-thru program including if the funding levels should be maintained, increased, or decreased, and the relative priority of each pass-thru program for stakeholders.

This process will be kicked off with an initial letter to members of the FHAC and the WFAC that outlines the current thinking and approach to 1168 funding. Following, Chairs will convene a joint Q&A meeting of the FHAC and WFAC in early August to provide a briefing of the current process

TIMELINE FOR ACHIEVING PARTNERSHIP OUTCOMES

- Now-August 19, 2022: DNR staff work to develop a holistic decision package that includes a description of the pass-thru program review and prioritization process. Staff communicate with Advisory Committees and conduct necessary outreach to tribes for participation.
- August-December, 2022: Advisory Committees conduct pass-thru program QA/QC to identify gaps and make recommendations for prioritization and program/process improvements.
- January-April, 2023: Staff, with assistance from advisory Committees, make necessary program/process improvements and establish clear solicitation processes.
- April-June, 2023: Solicitation for projects and funding needs initiated by DNR; recipient selection.