DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISIONER OF PUBLIC LANDS
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**MEMORANDUM**

**June 27, 2024**

**TO:** TFW Policy

**FROM:** Lori Clark, Adaptive Management Program Administrator (AMPA)

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**SUBJECT:** FY2026-2027 Master Project Schedule (MPS)

At the May 2024 meeting, the Board approved the draft FY2025-2027 biennium MPS, with the understanding that the Department of Natural Resources (DNR) would submit the Adaptive Management Program (AMP) legislative budget request of $19,924,562 (a request for additional $3.8 million dollar for the 25-27 biennium)) to provide on-going funding of the AMP and ensure the continuity of function as intended by existing laws and rules and as expected by key stakeholders and residents of the State of Washington. TFW Policy will need to make a decision at the July meeting for a recommendation to be forwarded to the Board at their August 2024 meeting.

The TFW Policy Budget Workgroup and the AMPA utilized the Contingency Plan to develop two MPS scenarios for the FY2026-2027 for TFW Policy consideration. Both scenarios are based on current projections for General Funds State proviso (GF-S) and Forest and Fish Spending Account - AMP (Business and Occupation Tax surcharge). The legislature approved the 2023-2025 biennium operating budget with significantly reduced appropriations for the AMP. Based on these projections, the revenue is forecast to be $16,090,874.

The draft FY2026-2027 MPS was presented to TFW Policy in June 2024. The Budget Workgroup met to discuss the proposed budget scenarios and make adjustments for a balanced MPS. It was decided to only present two scenarios:

- Scenario 1 is $19,664,532 to fund the priorities of the AMP consistent with the 2023-2025 CMER Work Plan. This results in a $3.8 million shortfall for the 2025-2027 biennium and will require the active support of the TFW caucuses in the legislature. Two changes were made to Scenario 1 since the June TFW Policy meeting:
    - **Science review (line 20)** –It was determined that the UW/WDFW AMP report will not meet the requirement for a science review of the program thus $300,000 was added to FY26.
    - **Eastside Type N Riparian Effectiveness (ENREP) (line 40) –** increased FY2026 budget to $620,632 and FY2027 to $535,688 to account for additional monitoring requirements, project extensions, and TFW Policy approved extended monitoring.
- Scenario 2 represents a balanced MPS with a base level of funding. This scenario implements the revised Contingency Plan options for cutting costs due to budget shortfalls. It encompasses the tough decisions that would need to be made should the AMP receive the base level of funding ($3.7 million proviso GFS+ current level of appropriation from FFSA) from the legislature. The revised Contingency Plan outlines how to sequentially work through prioritizing reductions to adjust the MPS to different levels of legislative appropriation beyond the base level of funding.

### Compliance with the MPS schedule

TFW Policy needs to provide two assurances to the Board: 1. An assurance that the CMER work plan projects are aligned with the MPS; and 2. An assurance that all projects on the MPS will be completed by 2040 or sooner. The Board may rely on these assurances to determine whether the AMP is in substantial compliance with the MPS schedule. All ongoing projects on the MPS are on track to be completed by FY 2040 or sooner.

**Attachments:**

- Master Project Schedule and Budget for the Adaptive Management Program – FY 2025-2027 Biennium Scenario 1 and Scenario 2
- 2025-2027 Contingency Plan (revised)

# Master Project Schedule and Budget for the Adaptive Management Program

Updated 06/21/2024

| | Expenditure | Scenario 1 Projected FY2026 | Scenario 2 Projected FY2026 | Scenario 1 Projected FY2027 | Scenario 2 Projected FY2027 |
|---|---|---|---|---|---|
| 6 | **Administration and Program Staff** | 0 | 0 | 0 | 0 |
| 7 | Program Administration (AMPA and Contract Specialist) | 353,684 | 353,684 | 353,684 | 353,684 |
| 8 | Administrative Assistant *(supports TFW Policy & CMER)* | 100,191 | 100,191 | 100,191 | 100,191 |
| 9 | Project Support (4 Project Managers) | 641,094 | 641,094 | 641,094 | 641,094 |
| 10 | Full time CMER Scientists at the NWIFC (Up to 4 staff: Ecologist, Geologist, Riparian, Wetland) | 735,467 | 554,355 | 748,338 | 579,844 |
| 11 | CMER Scientist Eastside (NRS 4) | 184,255 | 184,255 | 184,255 | 184,255 |
| 12 | Independent Scientific Peer-Review | 73,759 | 73,759 | 73,759 | 73,759 |
| 14 | CMER Conference (Facility, refreshments, programs) | 0 | 0 | 5,000 | 0 |
| 15 | Contingency Fund for Projects | 50,000 | 0 | 50,000 | 25,652 |
| 17 | **SAO Recommendations** | 0 | 0 | 0 | 0 |
| 18 | Onboarding and training for new members (CMER, Policy and Board) | 0 | 0 | 0 | 0 |
| 19 | Technical Editor and CMER Statistical support (on-call contract) | 0 | 0 | 0 | 0 |
| 20 | Science review of the program every five years | 300,000 | 0 | 0 | 0 |
| 21 | Biennial fiscal and performance audits of the AMP | 200,000 | 0 | 0 | 0 |
| 22 | Review decision making model and principal participation - facilitated caucus principals' meetings | 0 | 0 | 0 | 0 |
| 23 | Integreated online workspace for AMP and public facing dashboard (SAO Recommendation ) | 12,000 | 12,000 | 12,000 | 12,000 |
| 27 | Facilitation Contingency Funds (SDM, Policy mediation/facilitation and CMER Technical Arbitration Panel on-call contracts) | 50,000 | 50,000 | 50,000 | 50,000 |
| 28 | **Research and Monitoring Projects** | 0 | 0 | 0 | 0 |
| 33 | Extensive Riparian Status and Trends Monitoring -- Vegetation, Type F/N - Westside (Remote Sensing) Transferability Report | 0 | 0 | 0 | 0 |
| 34 | Extensive Monitoring: Type F/N Stream Temperature | 50,000 | 0 | 50,000 | 0 |
| 35 | Unstable Slopes Criteria - Object-based Landform Mapping | 0 | 0 | 0 | 0 |
| 36 | Unstable Slopes Criteria - Projects | 75,000 | 60,000 | 75,000 | 60,000 |
| 40 | Eastside Type N Riparian Effectiveness (ENREP) | 620,662 | 496,530 | 535,688 | 428,550 |
| 41 | Westside Type F Riparian Prescription Monitoring | 200,000 | 0 | 450,024 | 0 |
| 42 | Road Prescription-Scale Effectiveness Monitoring | 715,256 | 572,205 | 421,200 | 336,960 |
| 43 | Deep Seated Research Strategy - Projects | 200,000 | 160,000 | 100,000 | 100,000 |
| 50 | Temperature and Amphibians in discontinuously flowing Np reaches | 250,000 | 0 | 360,000 | 0 |
| 51 | Eastside Timber Harvest Types Evaluation Project (ETHEP) | 0 | 0 | 0 | 0 |
| 52 | Water Typing Strategy (PHB Validation, Physicals, LiDAR Model Map) | 1,158,900 | 927,120 | 1,153,400 | 922,720 |
| 53 | Water Typing Strategy Anadromous Fish Floor (AFF) | 0 | 0 | 0 | 0 |
| 58 | Riparian Characteristics and Shade Response | 142,238 | 113,790 | 178,914 | 143,131 |
| 59 | Forested Wetlands Effectiveness Study | 85,000 | 68,000 | 35,000 | 28,000 |
| 60 | Wetlands Management Zone Effectiveness Monitoring | 0 | 0 | 50,000 | 0 |
| 61 | Wetlands Intensive Monitoring | 0 | 0 | 0 | 0 |
| 62 | Road Sub-Basin-Scale Effectiveness Monitoring -- Resample (Re-scoping) | 0 | 0 | 0 | 0 |
| 63 | Watershed Scale Assessment of Cumulative Effects (roads and riparian) -- *post* Effectiveness Monitoring | 0 | 0 | 0 | 0 |
| 64 | EMEP - for going through ISPR review. | 0 | 0 | 0 | 0 |
| 65 | RMAP checklist survey | 0 | 0 | 0 | 0 |
| 66 | LiDAR for Unstable Slopes work | | | 0 | 0 |
| 67 | Type Np Hard Rock Phase III - Amphibian Demographics | 0 | 0 | 0 | 0 |
| 68 | Riparian Literature Synthesis Project | 0 | 0 | 0 | 0 |
| | | 0 | 0 | 0 | 0 |
| 70 | **AMP Research Expenses** (Lines 6 to 67) | 6,197,506 | 4,366,983 | 5,627,547 | 4,039,840 |
| 71 | **Projected Available Funds for Research** (Rev. minus Partic Grants and Indirect) | 3,995,683 | 4,203,412 | 3,995,683 | 4,203,412 |
| 72 | **Rollover funds from previous FY** (1st FY to 2nd FY) | 0 | 0 | 0 | 0 |
| 73 | ***Balance at the end of Fiscal Year*** *(Funds + FY1 Rollover - Expenses)* | 0 | 0 | 0 | 0 |
| | | 0 | 0 | 0 | 0 |
| | **REVENUE** | 0 | 0 | 0 | 0 |
| 76 | GF-S - AMP Carry Forward (i.e. base admin funding) | 150,000 | 150,000 | 150,000 | 150,000 |
| 77 | FFSA - AMP (Business and Occupation Tax surcharge) | 6,038,437 | 6,038,437 | 6,038,437 | 6,038,437 |
| 78 | GF-S - AMP Research *(Biennium Legislative Request)* | 1,857,000 | 1,857,000 | 1,857,000 | 1,857,000 |
| 78 | MTCA operating | 0 | 0 | 0 | 0 |
| 79 | Section 310(9) NGO Proviso One-Time | 0 | 0 | 0 | 0 |
| 81 | ***Subtotal of Revenue*** | 8,045,437 | 8,045,437 | 8,045,437 | 8,045,437 |

| | | | | | |
|---|---|---|---|---|---|
| | **EXPENSES** | 0 | 0 | 0 | 0 |
| 83 | ***TFW Participation Agreements and Indirect*** | 0 | 0 | 0 | 0 |
| 84 | Tribal Participation Agreements | 2,750,000 | 2,750,000 | 2,750,000 | 2,750,000 |
| 85 | NGO and County Participation Funding | 680,000 | 544,000 | 680,000 | 544,000 |
| 86 | State Agencies | 358,645 | 286,916 | 358,645 | 286,916 |
| 87 | FFSA DAHP ( Dept. Archeology & Historic Preservation) | 94,500 | 94,500 | 94,500 | 94,500 |
| 88 | FFSA DNR Indirect | 166,610 | 166,610 | 166,610 | 166,610 |
| 89 | ***Subtotal of TFW Participation Agreements, DAHP, and indirect*** | 4,049,755 | 3,842,026 | 4,049,755 | 3,842,026 |
| | **PROGRAM TOTALS** | 0 | 0 | 0 | 0 |
| 91 | Revenue | 8,045,437 | 8,045,437 | 8,045,437 | 8,045,437 |
| 92 | AMP Research Expenses | 6,197,506 | 4,366,983 | 5,627,547 | 4,039,840 |
| 93 | TFW Participation Agreements and Indirect | 4,049,755 | 3,842,026 | 4,049,755 | 3,842,026 |
| 94 | ***Balance at the end of each fiscal year*** | (2,201,823) | (163,571) | (1,631,864) | 163,571 |
| 95 | **Cumulative Balance at end of Biennium** | 0 | 0 | (3,833,688) | (0) |
| | | 0 | 0 | 0 | 0 |
| | Total | | | | |

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# 2026-2027 Master Project Schedule (MPS) Contingency Plan

The 26-27 Master Project Schedule (MPS) for the Adaptive Management Program (AMP) is expected to have increased project costs and decreased projected revenue. The current expected costs is $19,924,562 and the projected revenue is $16,090,874. The Forest Practices Board (Board) is in full support of Department of Natural Resources (DNR) submitting the Adaptive Management Program (AMP) legislative budget request for the full $19.9 million to provide on-going funding of the AMP and ensure the continuity of function as intended by existing laws and rules and as expected by key stakeholders and residents of the State of Washington.

## Purpose and objectives:

The purpose of this Contingency Plan is to account for budget shortfalls. The original MPS Contingency Plan was approved by TFW Policy in February 2023, to serve as the default method for MPS adjustments. The FPB does not approve the Contingency Plan but does approve the resulting MPS.

The MPS Contingency Plan is a living document that should be updated every 6-12 months dependent on budget development including expenditure forecasts, budget shortfalls and etc. Every MPS adjustment must also be accompanied by a Contingency Plan that stays at Policy to reflect the consensus agreement to the recommended adjustments. The FPB approves an initial MPS in May of even fiscal years for the next biennium and approves a final and adjusted MPS based that reflects legislative action in May of odd fiscal years. For these two occasions, the contingency plan would need a full update.

The short to mid-term objectives of MPS contingency planning includes the following:

1. Improve the quality of budget making for the AMP including better and more accurate cost estimates for research projects as well as expenditure projections.
2. Adjust the total MPS value for future biennium such that there are no more 5% under expenditure in a given biennium.

## Contingency Approach

The following were two potential approaches identified in the 2023 Contingency Plan to respond to a potential budget shortfall of up to $2.3 million:

**1. Make no MPS adjustments:**

This approach accounts for the historic pattern of under expenditure and/or savings that emerge during the implementation of the MPS. Under expenditure pattern in the program fluctuates between 15% to 25% of the MPS value. With the exception of biennia where there was a major budget shortfall, this pattern appears in all other biennia expenditure and is likely to also be the case for the next biennium. This figure is more than the potential budget shortfall of $2.5 million. It does, however, require reallocation of funds to categories for which the legislature may not have designated. Absent an authority to reallocate, this approach does not require MPS adjustment but has one key condition: the majority of under expenditure must be from research projects. Legislative directions (provisos) often limit the reallocation of under expended participation grants or, in some cases, salaries to research projects (ex. in FY23 20% under expenditure in research projects alone equaled $1,083,843).

This approach will not be adequate for reducing the 2026-2027 MPS budget shortfall.

**2. Reduce total MPS by $2.3 million ($19.7 million budget)**

This is a criteria-based approach with the target of reducing the total MPS value by $2.3 million. The key criteria used to reach this target are listed below:

a. Pause the implementation of AMP reform efforts including administrative elements of the State Auditor Office (SAO) recommendations,

b. Pause the scoping and study design development of new projects or do not acquire external expertise for this category of work as well as pause implementation except for Board priorities,

c. Maintain current funding level for all projects that are in active implementation phase but reduce values of projects that are not in active implementation by 20% for likely under expenditure.

Due to the number of AMP current active projects that are in the implementation phase, this approach would only result in a $260,000 savings, resulting in a $3.6 million shortfall.

**3. Reduce total MPS by $3.8 million ($16 million budget)**

The addition of several Board priority projects in recent years has certainly expanded the scope of AMP projects, bringing with it substantial expenses. The AMP staff are operating at full capacity to manage these projects effectively. As these projects progress, they transition into different phases in the AMP process that require a strategic realignment of priorities. Thus, AMP staffing cannot be reduced as a part of the budget reduction strategy.

The TFW Policy Workgroup suggestions for are as follows:

1. If an existing AMP staff position becomes vacant, consider implications of workload shift versus rehiring.
2. Delay/reduce administrative expenditures (remove funding for Biennial Fiscal & Performance Audit, and Science Review).
3. Delay/pause expenditures on all projects not in active field implementation; this includes FPB directed projects although they should be at the bottom of the list and CMER staff should work to advance them as much as possible (see project prioritized list below).
4. Eliminate state agency pass-through funding for activities unrelated to the AMP (advocate for agencies to secure necessary funding in their own budgets)
5. Reduce active project expenditures by 20%
6. Reduce participation grants to Counties, NGOs, and State agencies by 20%.

**4. Reduce total MPS by an additional 20% for worse-case scenarios ($12 million budget)**

If the AMP received less than the base amount ($16 million), the TFW Policy Budget Workgroup would need to propose pausing projects that are in implementation and the AMPA would need to evaluate/reconcile AMP staffing levels with the number of active projects.

### Data Needs

Program staff are providing more frequent and better estimates of projected expenditure on a quarterly basis. This remains an ongoing effort. Alongside better expenditure projections, project cost estimations need to significantly improve. Project Managers and the Project Teams use educated projected cost estimates and include a distinct costing phase in every project implementation plan.

### Meetings

Monthly TFW Policy Budget Workgroup meetings would need to continue regardless of budget developments. TFW Policy would also need to have a standing budget agenda item for the duration of a biennium when there is a known/confirmed budget shortfall.

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| Current Projects | FY2026-2027 | Phase | Implication of 20% cut | Notes |
|---|---|---|---|---|
| Deep Seated Research Strategy - Projects | Implementation | | | Board priority |
| *Deep Seated Research Strategy -- Mapping& Classification* | Implementation | | The implementation of this study design will be via a contractor who will already be under contract after winning the solicitation. Cutting the budget could result in the termination of that contract if we are not able to pay, resulting in a significant delay during the analysis and report writing phase. Termination of the contract could result in a souring of the relationship where they do not return and a new contractor will have to be located, which would cause significant delays during the pause and then turnover. | Board priority/ consultant RFQQ/ could pause next phase |
| *Deep Seated Research Strategy -- Toolkit Development* | Scoping | | Could pause funding for future phases; UPSAG and CMER scientist could support next phase; UPSAG is currently discussing next steps for these phases and deciding how to proceed. Scoping for one of these projects could begin in CY 2025. | |
| *Deep Seated Research Strategy -- Groundwater Modeling* | Scoping | | | |
| *Deep Seated Research Strategy -- Physical Modeling* | Scoping | | | |
| *Deep Seated Research Strategy -- Landslide Monitoring* | Scoping | | | |
| Westside Type F Riparian Prescription Monitoring | Study Design/Implementation | Site selection/data collection | Study design and/or complete site collection/pre-harvest data collection would be delayed. Not clear what type of study the next phase of the project will be. Delays at | CMER scientist supported (PI) |

| | | | | |
|---|---|---|---|---|
| | | | earlier project stages (study design) will delay subsequent phases (implementation). | |
| Extensive Monitoring: Type F/N Stream Temperature and Riparian Functions/Conditions | Study Design | | No funding for FY 26-27 would negatively impact the development of a study design by eliminating the ability to have any work completed by contractors or PIs. At this early stage it's challenging to predict the exact nature of the potential delay (as exact needs are tbd), lack of funding pausing study design development and delaying subsequent project phases. | Board priority |
| Unstable Slopes Criteria - Projects | Implementation | | | Board priority, CWA |
| *Unstable Slopes Criteria - Shallow Landslide Susceptibility* | Implementation | Report writing | The susceptibility and runout projects were combined into one, with one study design. This project will be well into data analysis and report writing in FY 26. A contractor has a significant role in this project and cutting the budget impact that contract there is a chance we could not retain the contractor. If the contractor could not be paid, that would cause a significant delay to this Board priority project, and it would be delaying completion of this report and the Unstable Slopes Criteria Strategy. | CMER scientist supported (PI) |
| *Unstable Slopes Criteria - Shallow Landslide Runout* | | | | |
| *Unstable Slopes Criteria - Management Susceptibility Modeling* | Development | Scoping | This project could begin scoping in FY 2027 once results for prior two projects are known. Could delay the beginning of scoping for the new project | |

| | | | | |
|---|---|---|---|---|
| Eastside Type N Riparian Effectiveness (ENREP) | Implementation | Data collection / Data analysis / Report writing/ Extended Monitoring | Extended monitoring would not be funded. 20% budget cut applied would have significant impact on the original ENREP project implementation and report writing. Certain monitoring elements would have to be eliminated at 2 of the 5 sites, potentially compromising the ability to compare parameters across sites. Data analysis and report writing would be delayed. Recommendation to the Board on ENREP would be delayed. | CWA |
| Road Prescription-Scale Effectiveness Monitoring | Implementation | Decommissioning / Data Analysis / Report writing | Decommissioning the project sites and/or complete data analysis/model development and final report development would be delayed. Budget cuts would extend the project timeline and require additional funding in following years to complete pending tasks. | |
| Temperature and Amphibians in discontinuously flowing Np reaches | Implementation | Field monitoring | Could pause implementation, however a delay would add cost in the long run. | CWA |
| Water Typing Strategy (PHB Validation, Physicals, AFF, LiDAR Model Map) | Implementation | | | Board priority |
| *PHB Validation* | Implementation | Data collection | In FY26, PHB will be solidly into the first of three years of data collection. The number of sites specified in the ISPR-approved study design was carefully determined to meet statistical requirements and allow for some expected site attrition over the life of the project. A 20% budget cut would necessitate halting data collection until the full budget could be restored. This would cause significant additional time and cost upon restarting to acquire new contracts for field crews and renew access agreements. | |

| | | | | |
|---|---|---|---|---|
| *Physicals (DPC)* | Implementation | Data collection | DPC data collection is planned to occur at the same sites as the PHB sites. A 20% budget cut would have similar implications for DPC as it would for PHB. Could pause implementation, however a delay would add cost in the long run. | |
| *LiDAR Model Map* | | | | |
| *Water Typing Strategy Anadromous Fish Floor (AFF)* | Scoping | | There are currently no funds assigned for AFF as the project is in pre-scoping and a budget has not yet been determined. | |
| Riparian Characteristics and Shade Response | Implementation | Field monitoring to continue on next batch of sites (2-3/yr) | A 20% budget cut would reduce the number of sites/year for implementation (1-2 sites per year vs 2-3), significantly extending the time needed to complete the project, delaying data analysis and report writing. | CMER scientist supported (PI) |
| Forested Wetlands Effectiveness Study | Implementation | Report writing | | CMER scientist supported (PI) |