

WILDFIRE RESPONSE, FOREST RESTORATION, AND COMMUNITY RESILIENCE ACCOUNT

JOINT ADVISORY COMMITTEE MEMO

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 DNR¹:
 - 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.

¹ This recommendation is not the only outreach and solicitation that will be conducted for 2023-25 investments through DNR programs, nor is it a decision on the allocation of pass-thru investments to specific projects through these DNR programs. This is an exercise to inform 2023-25 potential investments from the account.

- 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 3: 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 and agency thinking related to 1168 funding and solicit feedback/questions/concerns from members.

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.