Requires the department to forward all Puget Sound applications that meet project and applicant eligibility requirements to the council to evaluate and rank the applications for their contribution toward implementing the Puget Sound agenda. The council and the department shall collaborate in this review, and may request additional information from applicants to ensure that the water pollution control benefits of the application are fully evaluated. The council may request assistance from the implementation advisory board regarding the evaluation and ranking.

Provides that the council shall hold at least one public meeting at which the public and project applicants may provide their comments on the applications and the contributions that the proposed projects and activities have toward implementing the Puget Sound agenda.

Requires the council to provide its evaluation and ranking of the applications to the department in a timely manner prior to the department's award decisions. The council's evaluation must include recommendations for the level of funding and its assessment of the contribution that the project or activity may make toward implementing specific elements of the Puget Sound agenda.

Requires that where the department does not adopt a recommendation of the council, the department shall provide an explanation to the council when the award decisions are made.