

*SALMON RECOVERY FUNDING BOARD
MINUTES - REGULAR MEETING*

December 11, 2008

Natural Resources Building Room 172
Olympia, Washington

SALMON RECOVERY FUNDING BOARD MEMBERS PRESENT:

Steve Tharinger (Chair)	Clallam County
Harry Barber	Washougal
David Troutt	DuPont
Don "Bud" Hover	Okanogan County
Bob Nichols	Olympia
Carol Smith	Designee, Conservation Commission
Melissa Gildersleeve	Designee, Department of Ecology
Tim Smith	Designee, Department of Fish and Wildlife
Craig Partridge	Department of Natural Resources
Scott Anderson	Designee, Department of Transportation

MEETING CALLED TO ORDER

Chair Steve Tharinger opened the meeting at 9:06 a.m.

Chair Tharinger determined that the Salmon Recovery Funding Board (board) met quorum. RCO Director Kaleen Cottingham called attention to the supplemental meeting materials.

REVIEW AND APPROVAL OF DECEMBER 2008 MEETING AGENDA

Bud Hover MOVED to approve the December agenda as presented. Bob Nichols **SECONDED**. Board **APPROVED** December 2008 meeting agenda as presented.

REVIEW AND APPROVAL OF OCTOBER 2008 MEETING MINUTES

Bob Nichols MOVED to approve the October 2008 meeting minutes as presented. Bud Hover **SECONDED**. Board **APPROVED** October 16-17, 2008 minutes as presented.

MANAGEMENT STATUS REPORT

Kaleen Cottingham, RCO Director, presented this agenda item. (See notebook #3 for details)

Kaleen stated that the information was in the written materials, and she would welcome questions. The board had no questions. She also noted that the Governor's budget would be released around December 18, 2008.

COUNCIL OF REGIONS (COR) REPORT

Steve Martin, COR chair, presented this agenda item and reviewed his written report. (See notebook item #4 for details)

In response to Steve's presentation of information about the regions' work with NOAA on implementation of recovery plans, Chair Tharinger noted the importance of vertical integration and coordination with NOAA. Steve affirmed that they are working toward integration.

LEAD ENTITY ADVISORY GROUP (LEAG) REPORT

Richard Brocksmith, LEAG Chair, presented this agenda item. (See notebook #5 for details)

Richard noted that he looks forward to working with staff in the next grant round. Lead entities are working with their regional counterparts to address the current disparity across the state regarding necessary functions and the need to recognize different organizational structures. The hope is to improve communication and better express the human capacity. Richard also explained the need for lead entities to understand the monitoring that is happening around the state and use the implementation and effectiveness monitoring to adaptively manage projects.

Chair Tharinger noted that the Governor's budget will be eye opening for projects statewide, and will drive the board's decisions about effectively managing projects. The fiscal reality will force the board to make a decision about the structure of the lead entities. Kaleen noted that she thinks the issue will be ready for discussion by the May meeting, so that a decision can be made for how to move forward at the new budget. Bob Nichols referred to the October Board meeting, at which Jim Fox was tasked with some work to keep the strategic plan moving forward, and suggested this analysis be included. Bob further suggested that LEAG and COR work within the watersheds to collaborate within a constrained budget.

Chair Tharinger responded that after the budget is released, the board will have a better idea of necessary deliverables. Bud Hover asked whether the board would ask more from project sponsors, and if this would create an unfunded mandate. He also noted that if the board asks regions and lead entities to do more work, more resources will need to be provided to prevent burnout. The Chair responded that in order to sustain the recovery efforts in a tough budget year, everyone will need to think about working smarter. He would like to see the board, regions, and lead entities be more creative in integrating work.

Carol Smith noted that the Governor's office wants projects that create jobs, and that this means restoration projects instead of acquisition projects. Tim Smith noted that it is important to think about scale between operating and capital. Bud Hover would like to see messages to the Governor and the legislature highlighting the momentum of the projects and recovery efforts, and an effort to emphasize that investments need to continue to maximize our investment.

Richard concluded that LEAG is excited about increased interaction and improved communication to assist in recovery. LEAG is hosting its Lead Entity Day at the capital on March 10, 2009. LEAG may be presenting citizen awards.

GOVERNOR'S SALMON RECOVERY OFFICE (GSRO) REPORT

Chris Drivdahl, GSRO Director, presented this agenda item. (See notebook item #6 for details.)

Chris Drivdahl distributed the Executive Summary of the *Recovery Plan Implementation* report written by Phil Miller in response to the Governor's request for GSRO to review recovery plans. In developing the report, she met with involved agencies (Office of Financial Management, Department of Fish and Wildlife, Department of Natural Resources, etc.) while they were planning their budget. She provided additional information so each agency would be aware of the value of their programs related to salmon recovery. The report represents only Washington's state and federal actions, and does not address local and tribal efforts, which are vital in salmon recovery.

Bob Nichols asked Chris about "salmon fatigue," as the budget forecasts record cuts. Chris responded that the salmon infrastructure is set up for the long haul. She believes that we need to send a message that we cannot give up on salmon recovery, but should find creative ways to keep the momentum going for the future. Chair Tharinger added that there is momentum in the salmon recovery story to tell appropriators. Harry Barber noted that one way to look at the value-added approach is the value of

anglers to the state. He saw a recent presentation that estimates approximately \$900 million in revenue and \$70 million in taxes -- a significant benefit to the state when people spend money on fishing.

Chris noted that if there is salmon fatigue, she does not see it in the field or at the staff level. She has witnessed a great commitment and hope with the people she has spoken to. Chair Tharinger wants Chris to relay that message to appropriators, as well as the message of getting the best bang for buck. David Troutt noted that salmon recovery is a necessity, not a luxury.

GRANT APPROVAL: SKAGIT WATERSHED COUNCIL 2007 PSAR FUNDS

Marc Duboiski presented this agenda item. (See notebook item #7 for details)

Marc Duboiski gave an overview of the Skagit Watershed Council's 2007 Puget Sound Acquisition and Restoration (PSAR) allocation. Skagit has a remaining balance of \$1,296,112. Skagit proposed projects #08-1747, Snell Property Acquisition, and #08-2132, Middle Skagit River Project Development. If Board funded these projects, Skagit would have a remaining balance of \$700,112.

At the board's request, Marc presented photos and maps of the projects. First, Marc showed photos from the 81-acre Snell Property. Chair Tharinger asked Marc about the status of the property upriver from the Snell. Marc responded that the landowner upriver is unwilling to sell, so the design will need to determine how to make it work. The next project Marc reviewed was the Middle Skagit River Project Development. The project will start to design floodplain restoration. The Middle Skagit projects are likely to come forward in the future as construction projects.

Bob Nichols asked what happens to the properties upriver and downriver when the acquired land is converted to an active floodplain. Marc responded that the Skagit County is willing to relocate towns, and there have been discussions about potentially relocating the town of Hamilton. Chair Tharinger asked if the county is the project sponsor. Marc confirmed that it is, and noted that the county is taking the lead on the acquisition project.

Bob Nichols **MOVED** to approve the funding for project #08-1747A, Snell Property Acquisition, and project #08-2132N, Middle Skagit River Project Development. David Troutt **SECONDED**. Board **APPROVED** the motion. Bud Hover was absent.

The Board discussed that acquisitions are long-term projects with a number of coordinating entities.

2008 GRANT ROUND REPORT – INTRODUCTION

Brian Abbott, RCO Salmon Section Manager presented this item. (See notebook item #8 for details)

Chair Tharinger asked Brian Abbott to discuss the Salmon Project Conference (see notebook item #3). The conference will take place April 15-16, 2009 at the Little Creek Conference Center. The planning committee is finalizing the agenda. Brian said that the planning committee explored the option of coordinating a conference with the American Fisheries Society's conference, which also will be held at the Little Creek Conference Center. The Salmon Project Conference will look at Building Better Projects and "lessons learned."

Brian then reviewed the previous (2008) grant applicant timeline with the board. During the previous grant cycle, grant applications were submitted via PRISM by September 8, 2008. RCO grant managers and the board's technical review panel then reviewed applications and finalized comment forms from September 10 through October 3, 2008. Staff then sent the *2008 Final Report* to regions, lead entities, and project sponsors on November 19, 2008. Brian highlighted projects of concern, regional requests that were over or under their allocation, noteworthy projects, and the region-by-region synopsis in the report.

Brian also explained the RCO staff 2008 grant cycle timeline. He noted that spreading out the site visits helped the review panel and staff to spend more time reviewing application materials. Brian noted that lead entities can request early visits from the review panel.

2008 GRANT ROUND REPORT – REVIEW PANEL

Steve Leider and other members of the review panel presented this item.

Steve Leider, of the Governor's Salmon Recovery Office, introduced himself as the review panel facilitator. He introduced the attending members of the review panel: Michelle Cramer, Tom Slocum, Kelley Jorgenson, and Steve Toth. Steve pointed out that the panel is smaller than last year's panel, but with the absence of Puget Sound Acquisition and Restoration (PSAR) funds and proposed projects, the smaller panel worked. The review panel met quarterly, and provided consultation requests earlier in the grant cycle. There were a couple significant differences this year:

1. The review panel did not comment on the regional strategy submissions. The 2007 strategy ratings were brought forward to the 2008 report because there were minimal changes that would affect the ratings.
2. The review panel did not comment on the fit and priority of projects as related to the strategy.

Steve mentioned the use of "conditioned" projects. This year, the Review Panel tried to reduce the number of conditioned projects to decrease the administrative monitoring of the conditions. Steve concluded by noting two categories that still need work. The first is the issue of acquisitions and the balance of aquatic benefits and non-upland costs, including approaches to match. The second category is making sure the criteria were fairly and meaningfully applied to assessments and data gaps. Steve thinks they have made progress on the latter, but there is still work to do.

Steve Toth thanked the project sponsors and RCO salmon section staff for their hard work. He noted that it will take time to emphasize "wow" projects that restore ecosystems and natural functions because of the time, effort, and community will needed. He encouraged lead entities to take advantage of feasibility studies.

Tom Slocum mentioned that the cost-benefit ratio seemed to have turned out of balance (cost up, benefit down), particularly with project budgets. Tom would like to see a metric to quantify benefits to salmon compared to cost, separate from the annual ratings done by lead entities.

Chair Tharinger asked the review panel why they think costs are increasing and benefit to fish is decreasing. Tom responded that many of the best opportunities have been addressed, and the quality of benefit has dipped. Bob Nichols asked whether it is a good idea to quantify benefits across the state. Bob asked about criteria for "wow" projects, and noted the dependency of projects on people. Tim Smith noted that it seems that the board has worked through easier to quantify benefits, and now the projects are pieces of a broader picture. Chair Tharinger suggested that perhaps the review panel missed the benefits of the projects in the context of the regional strategies, since the review panel did not review them. He noted that we need the strategic direction.

Craig Partridge noted that the projects of concern are one absolute measure. He stated that one way to create better projects would be to raise the project of concern line over time, thus encouraging projects to improve. He appreciated the "noteworthy" projects, but was not sure of their objective value. Craig thinks it is important to avoid false precision in quantifying the values and benefits of projects.

Harry Barber stated that he is in favor of the panel developing "best practices" and discouraged the notion that the opportunity for the best projects ("low hanging fruit") is gone. Chair Tharinger asked if using the Habitat Work Schedule could be a foundation for a statewide benefit analysis. Tim Smith noted that the complexity of projects will call for new tools.

David Troutt said that if projects are consistent with recovery plans, and the elements are in the recovery plans, then they are strategic, geared toward recovery, have been scientifically reviewed. David noted that perhaps the reason for lower benefit projects is the shift from a competitive process to the region-by-region process. David suggested creating a different way of getting to the “wow” projects.

Chair Tharinger asked the panel if the board is bumping up against the size of projects compared to the funds available. Steve Toth replied that in his opinion, the criteria for noteworthy projects are to meet the suite of natural processes and conditions that allow an ecosystem to retain itself. He thinks that the limited number of those is indicative that there is room for more, or at least phases of the project.

Bud Hover asked about the individual projects that may not be “wow” projects, but as part of a whole achieve the noteworthy criteria. Kelley Jorgenson noted that the sponsors do not always provide the big picture project information, referring to the “string-of-pearls” concept. Bob Nichols noted that he always viewed the smaller projects as nested within the greater salmon recovery efforts.

Michelle Cramer asked the board to review the Aquatic Habitat Guidelines. She encouraged the board to update the Stream Habitat Restoration Guidelines (SHRGs) as new technology has become available. Michelle also noted that the panel struggled with conversations about acquisitions, especially with upland areas with little match. The panel would like more guidance with upland projects. Chair Tharinger responded that land areas bought with state bonds couldn't be divided with the upland and the nearshore. Jim Fox noted that the policy team is looking into issues that arise with upland properties.

Kelley Jorgenson said that the review panel would benefit from a more direct connection to the monitoring data to assess benefit to fish. It would help assist with the long term needs of salmon recovery. Kelley was encouraged by the early interactions with lead entities and sponsors.

Chair Tharinger asked which entity is best suited to look at a broader timeline and fill the long-term sequencing gap. The Board does not want to see duplicative efforts to coordinate gaps. Steve Leider suggested that the regional technical bodies will be able to develop implementation questions. He noted that the review panel would make recommendations for the application process. Chair Tharinger noted that the board considers itself to be the keeper of the process and the review panel serves to give the board update on gaps in the process.

2008 GRANT ROUND – STAFF REPORT

Brian Abbott, RCO Salmon Section Manager presented this agenda item.
(See notebook item #10 for details.)

Brian referred the board to additions to the notebooks for his presentation. He introduced each of the ranked project lists by region. He explained the projects of concern, conditioned projects for each region, and noted whether each of the regions met their allocation.

Chair Tharinger clarified that all projects on the lists, except projects of concern, are approved for funding, but projects below the funding line (alternates) will move forward only if another approved project is removed from the list. Conditioned projects are approved only if the conditions are met.

Staff recommended that project # 08-1954, the Alder Creek Side Channel Pilot Project be tabled until the February meeting, because staff felt the issues making it a project of concern could be resolved.

Comment Period – Regional Areas

Coastal Region

Nancy Allison, director of the Washington Coast Sustainable Salmon Partnership gave the Coast's regional presentation.

Nancy discussed project #08-1953, the Quinault LiDar Assessment, noting that the Quinault Nation reduced the scope of the project. This action freed \$69,000 so that project #08-1192, Preacher's Slough Fish Passage, could move forward (it was formerly an alternate).

Nancy also discussed the project # 08-1954, Alder Creek Side Channel. She explained that the Quinault Nation asked for additional logjams, but requested that the board wait until February to make the funding decision. Nancy discussed Preacher's Slough, which was designated a "noteworthy" project because of the high benefit and low cost. Nancy suggested that the board could use some of the \$103,000 in excess funds from the Snake region to fully fund Preacher's Slough.

Carol Smith asked why Preacher's Slough, a "wow" project, would be so low on the ranked list. Nancy responded that at the time of regional list submission, the project had not secured a match source, which is part of the rating criteria for the region.

Nancy gave a brief update from the Coast noting that they had proposed 12 projects, put forth an interlocal agreement, and begun to form a regional technical committee. The regional planning committee is working on writing the regional recovery plan. Miles Batchelder was hired as the new program manager, and the Coast is currently developing a new website: www.wcssp.org and logo.

Chair Tharinger asked if the \$68,000 for Preacher Slough would be sufficient and what it would allow them to do. Nancy explained that additional funding means that the project sponsor will not have to scramble to get the funds and will help them to get the project going. Lee Napier, Grays Harbor County Lead Entity Coordinator, answered that that the project will get full funding in late 2009 and will begin in summer 2010. Bud Hover asked how the board could be assured that the project will be completed since the other funds may not be available. Chair Tharinger responded that there is no guarantee, but they are assuring that the project will be completed in two years.

Middle Columbia

Alex Conley, executive director of the Yakima Basin Fish and Wildlife Recovery Board represented the region along with Angie Begosh, Yakima lead entity coordinator and Dan McCarty, lead entity coordinator for Klickitat County.

Alex presented an overview of the Middle Columbia's local process and the Yakima and Klickitat project lists. Alex used the earlier discussion about projects as a "string of pearls," (i.e., part of the bigger picture) as context for the lists. Angie gave an overview of Yakima's 12 projects, of which one is conditioned and another is a project of concern.

Harry Barber asked Alex if the region would receive any part of the \$900 million settlement with the tribes. Alex replied that it is an interesting process, and that the funds address habitat needs in a specific area of the Yakima Basin; it breaks down to about \$1-2 million per year in off-reservation habitat projects. Bob Nichols noted that appropriators want to know what is happening in each Evolutionary Significant Unit (ESU), not just board projects. Bob suggested that giving an annual report of all efforts in an ESU would be a better story of overall ecosystem health. Alex responded that getting everyone in the Yakima Basin to use the same map and list of priorities is their goal.

Dan McCarty presented information about the Klickitat lead entity. The Klickitat is unique in that part of the region is divided (White Salmon and Klickitat rivers) between the Lower Columbia and Mid-

Columbia regions. This year, two projects are on the Mid-Columbia list and two are in the Lower Columbia list. Board members asked about relationship to the Condit dam removal, and what would happen if it were not removed. Dan responded that they are fairly certain that the dam will come out because they cannot do fish passage, which is a relicensing issue. The dam is scheduled to be removed in October 2009.

Carol Smith asked if there are any ways to resolve the project of concern on the Yakima list. Alex replied that the region and lead entity need to resolve issues with an easement before taking the review panel's time.

Lower Columbia

Jeff Breckel, Executive Director of the Lower Columbia Fish Recovery Board gave an overview of the Lower Columbia's regional grant process and recovery plan. Jeff noted the early interactions with the review panel improved projects. Chair Tharinger was impressed with Jeff's local process and asked about the Lower Columbia's adaptive management approach. Jeff responded that monitoring is one of the areas that the Lower Columbia is the least satisfied with.

Snake

Steve Martin, Executive Director of the Snake River Salmon Recovery Board provided this information. He began by introducing Chris Buelow a new employee at the Snake River Salmon Recovery Board. Steve noted how different the board's funding meeting feels compared to three or five years ago, which he attributes to the refined regional process. Steve is hopeful about the Habitat Work Schedule's role as a common, shared system for coordinating salmon recovery, but noted it will require commitment at the regional scale.

Steve noted that the number one project on the Snake River's list is an example of a "string of pearls" project, as a small piece of a bigger project.

Steve mentioned that his brother owns the property associated with project #08-2025, the Touchet River Martin Conservation Easement, which is number three on the region's list. Steve noted that he was not involved in the ranking process. Chair Tharinger asked if the region had documented that fact and Steve replied that he stated it in the local meeting minutes.

Upper Columbia

Julie Morgan, Executive Director, and Derek Van Marter, Associate Director of the Upper Columbia Salmon Recovery Board noted that the Upper Columbia list was submitted to the board as a region (Chelan and Okanogan were combined), but is presented by lead entity. Derek gave an overview of the Upper Columbia's regional process and Julie provided a summary of where the region is headed.

Bob Nichols asked Derek if there is an issue with the Foster Creek Lead Entity, since the region did not have any projects in that lead entity. Derek responded that Foster Creek is a contracted lead entity with the Washington Department of Fish and Wildlife, and contributes to the region on issues not related to the board.

Kaleen asked Derek if funding was secured for #08-2060 Lower Icicle Conservation Easement, project number four. Derek answered that he is confident that match would be secured.

Hood Canal

Richard Brocksmith, Hood Canal lead entity coordinator, discussed anadromous species, with a focus on Summer Chum, in the Hood Canal Region. Richard discussed adaptively managing the salmon runs in the region, with the use of "All-H" (habitat, hydropower, harvest, and hatcheries) integration.

Tim Smith asked about the historic carrying capacity of the system. Richard responded that the Hood Canal does not have consistent historic data. Carol Smith asked Richard about project #08-1909, the

West Kitsap Hood Canal Nearshore Assessment, which had been listed as a project of concern. Richard responded that the issues have been resolved.

Puget Sound

Jason Mulvihill-Kuntz and Joe Ryan of the Puget Sound Partnership (PSP) provided the Puget Sound's regional presentation. Jason explained that the Puget Sound brought forth 52 projects with the total of \$8.4 million for the regional allocation. He reviewed the local review process and trends in Puget Sound projects.

Puget Sound's project of concern, #08-1929, San Juan County Shoreline Modification Inventory, did not meet the board's grant criteria because the review panel did not think it would clearly relate to future projects. The assessment project does meet PSAR criteria. Jason suggested that the \$82,000 of board funds for San Juan be shifted to a Skagit PSAR project, and fund this project with \$82,000 of Skagit PSAR funds. Joe clarified that the shift would be with the Skagit projects funded earlier in the meeting.

Tim Smith asked if the board could just fund the assessment. Chair Tharinger replied that the region, staff, and review panel had not been able to resolve the issues. Bud Hover asked if moving the money is a technical or legal issue. Chair Tharinger responded that it is an issue of being consistent with board policies, which do not allow funding for assessments that do not lead to projects.

Bob Nichols asked if the Skagit projects qualify for board funds; Chair Tharinger confirmed that the policies are being followed. Brian Abbott noted that it is important to protect the integrity of the review panel with projects of concern, and that funding this with PSAR funds does not set a precedent that the board will overrule the panel.

Marc Duboiski suggested that it was unnecessary to involve the projects from the morning. He proposed that the board allow the Skagit to work with \$618,000 of PSAR funds and \$82,000 of board funds. Skagit will return to the board at the February meeting. Chair Tharinger asked Joe Ryan and Brian Abbott if they approved Marc's suggestion. Joe and Brian supported the notion and Joe Ryan asked the board for a motion to allow Puget Sound to reallocate the \$82,000 to Skagit.

2008 GRANT ROUND – DECISIONS

Hood Canal

Bud Hover **MOVED** to approve Table 9: Hood Canal Salmon Recovery Region Project List Summary dated December 11, 2008, and authorize the Director to execute project agreements necessary to facilitate prompt project implementation. Bob Nichols **SECONDED. Motion approved.**

Lower Columbia

Bud Hover **MOVED** to approve Table 12: Lower Columbia River Salmon Recovery Region Project List Summary dated December 11, 2008, and authorize the Director to execute project agreements necessary to facilitate prompt project implementation. Harry Barber **SECONDED. Motion approved.**

Middle Columbia

Bud Hover **MOVED** to approve Table 15: Middle Columbia River Salmon Recovery Region Project List Summary dated December 11, 2008, as amended to show project #08-1930 as an alternate, and excluding project # 08-2015, and authorize the Director to execute project agreements necessary to facilitate prompt project implementation. David Troutt **SECONDED. Motion approved.**

Northeast

Bud Hover **MOVED** to approve Table 18: Northeast Washington Salmon Recovery Region Project List Summary dated December 11, 2008, and authorize the Director to execute project agreements necessary to facilitate prompt project implementation. Bob Nichols **SECONDED. Motion approved.**

Puget Sound

Bud Hover **MOVED** to approve Table 22: Puget Sound Salmon Recovery Region Project List Summary dated December 11, 2008, excluding project #08-1929, and authorize the Director to execute project agreements necessary to facilitate prompt project implementation. Bob Nichols **SECONDED. Motion approved.**

Bud Hover **MOVED** to approve funding for project #08-1929 using the Skagit Watershed Council's 2007 PSAR funds. Harry Barber **SECONDED. Motion approved.**

Bud Hover **MOVED** to approve continuing allocation of 2008 SRFB funds in the amount of \$82,000 to the Puget Sound Region for use in Skagit Watershed projects. Bob Nichols **SECONDED. Motion approved.**

Snake

Bud Hover **MOVED** to approve Table 24: Snake River Salmon Recovery Region Project List Summary dated December 11, 2008, and authorize the Director to execute project agreements necessary to facilitate prompt project implementation. David Troutt **SECONDED. Motion approved.**

Upper Columbia

Bud Hover **MOVED** to approve Table 27: Upper Columbia River Salmon Recovery Region Project List Summary dated December 11, 2008, and authorize the Director to execute project agreements necessary to facilitate prompt project implementation. David Troutt **SECONDED. Motion approved.**

Coastal Region

Bud Hover **MOVED** to approve Table 32: Washington Coastal Salmon Recovery Region Project List Summary dated December 11, 2008, excluding project #08-1954, and authorize the Director to execute project agreements necessary to facilitate prompt project implementation. Bob Nichols **SECONDED. Motion approved.**

Chair Tharinger noted that the motions went smoothly because of the work of the lead entities, regions, Kaleen Cottingham and Brian Abbott, and RCO staff to get the board to this point. The Chair said he was honored to support the salmon recovery effort.

Brian asked Chair Tharinger about the Alder Creek projects. The Chair directed the staff to work on project # 08-1954, Alder Creek Side Channel, and return to the board at the February meeting.

The meeting adjourned for the day at 4:09 p.m.

SALMON RECOVERY FUNDING BOARD MEMBERS PRESENT:

Steve Tharinger (Chair)	Clallam County
Harry Barber	Washougal
David Troutt	DuPont
Don "Bud" Hover	Okanogan County
Bob Nichols	Olympia
Carol Smith	Designee, Conservation Commission
Melissa Gildersleeve	Designee, Department of Ecology
Tim Smith	Designee, Department of Fish and Wildlife
Craig Partridge	Department of Natural Resources
Scott Anderson	Designee, Department of Transportation

Meeting reconvened at 9:07 a.m.**Allocation Task Force Update and Draft Recommendation**

David Troutt and Megan Duffy, RCO Policy Specialist, presented this agenda item. (See notebook item #11 for details.)

David Troutt, Chair of the Allocation Task Force (ATF) thanked the task force for their passionate and creative work. He responded to the question that arose at yesterday's meeting about why there are not more "wow" projects by noting that there are insufficient resources for recovery. Megan Duffy presented an overview of the ATF's work over the past year. The board established the ATF at the February 2008 meeting to examine regional allocations.

Chair Tharinger asked the board to discuss the ATF's recommendation to retain certain classes of funds in the region. The funds must be committed to projects or an unused allocation.

Bud Hover expressed concerns about the quality of the projects within the region if the board is not administering funds. Bud explained that he likes how the current system gives the board flexibility for reallocating supplemental funds to the best projects. Craig Partridge asked if there was a salmon based reason why this recommendation is coming forward, aside from support of the regions. Megan responded that extra funds could go to more complicated, phased future projects. David stated that while it would give regions a better opportunity to take advantage of projects, the board also would have to budget for overruns.

Bud noted that if regions have the chance to use funds in their region, it would allow the possibility for a region to fund a project that is important to them, but not a priority when considered statewide. David replied that the projects would meet the criteria to be board funded. Harry Barber supported the idea as long as there is not game playing with the process, and suggested placing a limit on overruns. He stated that the board couldn't prioritize projects across regions.

Bob Nichols asked where the money goes now when it comes back to the RCO. Kaleen answered that the money that comes back is reallocated to different projects. Bob would like to see a pot of money for cost overruns, particularly when there are severe budget constraints.

Chair Tharinger noted that the Board is divided, and needs more information to determine what the criteria would be to decide if the regions or the Board would make a decision about project priorities.

Megan noted that the ATF also discussed money from projects that close short. Those funds could come back to the board to fund cost increases. David suggested that the board address allocations and cost overruns separately. Chair Tharinger would like to discuss them together. David would like to have a policy discussion for cost overruns.

Megan continued with the second recommendation of revising the grant cycle, and perhaps instituting a continuous rolling design cycle. Craig Partridge asked what problem this recommendation addresses. Megan responded that the continuous grant round would allow time for design, and construction within the same cycle. Harry Barber supported allowing 25 percent for design and then submitting the project the next year. He explained that there is a budget risk in authorizing 100 percent design. Chair Tharinger also expressed concerns about design-only projects. David noted that the ATF wants the Board to support a rolling design system, throughout the year, rather than limited to the RCO's grant cycle for projects already identified in the recovery plan. Brian clarified that having a prepared design helps move the project forward. Craig supports the idea of a rolling design, but wants it addressed separately from the allocation discussion.

Megan mentioned the task force's suggestions to (1) support region-to-region sharing of board funds, and (2) having the Board work at a statewide level to identify and coordinate additional funding sources. Chair Tharinger noted that if the regions are willing to share funds, then the Board supports both suggestions.

Megan continued that the ATF believes that additional funds are needed for salmon recovery. David Troutt noted that he would like bold actions to move the recovery agenda forward. Chair Tharinger reminded David about the constraints of the Governor's budget, and that the board is facing major cuts to the next grant round. Craig Partridge suggested that the coordination of funding sources is a great idea, and that the board should go on record as identifying a collaborative funding as a vital need for salmon recovery. Bob Nichols referred to Alex Conley's presentation, which looked at the board and watershed perspectives, and noted that it is important to manage resources from the greater perspective.

David Troutt responded that funding salmon recovery is a great challenge, and there isn't an organization that allocates money for large ecosystem projects. David would like to see a source for developing large projects, like the Nisqually restoration. Chair Tharinger noted that even last year (in a better financial situation), with the PSAR funds, the Board requested \$100 million and received \$40. Budget cutbacks are a reality. Tim Smith noted that finding funding for large projects is not the responsibility of the watershed, but the job for policy makers. Tim would like to see space created to have future discussion about increasing funding.

Bud agrees that the budget is in a dire situation. He agreed with David that the board carries a lot of weight because of their work and process, and needs to push forward the recovery agenda. Regions also must continue the momentum for recovery. David added that the board must create opportunities for integrated salmon recovery issues. Bob asked what the operational deliverable is. David suggested that the ATF would come back to the board with suggestions in 2009. Chair Tharinger asked for clarity for raising more money from staff and the attorney general. Bob would like to see a discussion from the watershed perspective, namely for appropriators. Craig would like to see a needs assessment grounded in the recovery plans so that it is science-based with an end point in mind.

Megan explained the proposed allocation if additional funds were made available. If there is a significant decrease, they recommend a work group to revisit the allocations. Bob asked about the rationale, and Megan responded that there was a sense that it would be illogical to have a grant round without enough funds because the projects would not be significant. The group that was chartered would have to decide how it would work.

Chair Tharinger noted that the recommendation is to review the report with the board's comments in mind and come back in February to finalize how to proceed. David clarified that would correct for the recommendation for 2009, and that they also need to flush out the other two recommendations.

Public Comments

Alex Conley, executive director, Yakima

Alex explained that he hopes that the board does not take on North of Falcon Agreement. The most successful approach is to ask each region about the priorities in their recovery plans, line up the plans, and find gaps. As for the allocation question, the regions are comfortable with the status quo, but need to look at long-term implications. In his opinion, the official role of the regions ends as soon as projects are sponsored, so holding the money within the region would create a positive culture of accountability and flexibility. He supports the design-only projects and notes that it is a timing issue, as it allows lead entities to take advantage of great project opportunities.

Jeff Breckel, executive director, Lower Columbia

Jeff explained that he supports a visibility of all the projects across agencies to recognize how activities reinforce and complement each other. He believes that allowing funds to remain in the region respects the board's allocation process.

Barbara Rosenkotter, San Jan Lead Entity coordinator and LEAG vice chair

Barbara stated that good projects are not being funded because of a lack of funds, so projects funded by a carryover would still be good projects. Barbara agrees with David's suggestion to create a list for what it will take to achieve recovery. The list can be a reference point for discussing activities and gaps.

Julie Morgan, executive director for the Upper Columbia

Julie expressed reservations about the rolling design-only process. She is worried that design only projects outside of the board process may not meet the standards. She proposed using a request for proposal by the regional technical team, which would give the RTT an opportunity to suggest priorities.

Tim Smith noted that the design-only phase has been successful with the Department of Fish and Wildlife's Estuary and Salmon Restoration Program (ESRP). Bud Hover noted that making the investment in design makes it hard to say no to the project later.

Cheryl Baumann, NOBLE coordinator

Cheryl stated that she is concerned about the idea that funds from projects that are cancelled go to the regions, but funds from those that come in under budget are returned to the board. She thinks good projects should be rewarded instead of incentivizing bad projects to keep money in a region.

Board Discussion:

Chair Tharinger asked if staff had enough feedback from the board to move forward with bringing information back to the board in February, and if the RATF would help staff if needed. Megan affirmed that she had enough information, and David concurred with the approach.

2009 BOARD MEETING SCHEDULE AND WORK PLAN

Rebecca Connolly, RCO Board Liaison, presented this agenda item.
(See notebook item #12 for details.)

Rebecca Connolly noted two additions to the February agenda based on the discussions at this meeting. Kaleen noted that the board would also need time for discussion about a reduced budget. The board approved the work plan as presented.

RECOGNITION OF TIM SMITH

(See notebook item #13 for details.)

Chair Tharinger noted that Tim has been a great mentor for him coming from a local and watershed level. He attributed the success of the lead entity program and regions, particularly on the coast, to Tim. Chair Tharinger read Resolution #2008-011 recognizing Tim Smith for his service to the board.

Bud Hover **MOVED** to adopt the resolution, Bob Nichols **SECONDED**. **The Motion** was approved.

The Board shared stories about working with Tim, and commended him on his service on the board as well as his impact on the advancement of salmon recovery in Washington State.

Former board member Dick Wallace of the Northwest Power and Conservation Council attended the board meeting to thank Tim for his service.

POLICY DISCUSSION: PROCESS AND CRITERIA TO IMPLEMENT RCW 77.85.130(7) (TRANSFERRING LAND ACQUIRED WITH A SRFB GRANT TO A FEDERAL AGENCY)

Megan Duffy, RCO Policy Specialist, presented this agenda item.

(See notebook item #14 for details.)

Megan explained that in 2005, the legislature created the statutory authority to allow the conveyance of board-funded property to federal agencies. The legislation provides flexibility so that properties acquired with a board grant can be conveyed to governmental entities that may have different legal requirements, while still maintaining the intent of the original grant. RCW 77.85.130 (7) has not been applied. Megan briefly described a related project issue regarding transfer of property from Chelan County to the United States Forest Service that could come before the board in 2009.

Megan explained that where the conveyance requires alternative habitat protections, the statutory direction raises several key issues, including how to:

- ensure “adequate habitat protections” and what might be required to demonstrate “feasible” and “adequate;”
- meet the intent of the original conservation purposes of the grant agreements;
- develop a process and criteria that can be applied consistently across all requests for conveyances under RCW 77.85.130(7); and
- create a positive precedent for future conveyances.

She concluded by noting that an established process and criteria would help to address these issues and ensure that determinations regarding adequacy of habitat protections are well-founded and consistent. Such a process also would help to ensure that conveyance proposals and their accompanying instruments are fully developed before coming before the Board for a decision.

Board Discussion:

Chair Tharinger stated that this is a major policy shift and had many implications. Carol Smith stated that she views this action as a mitigation obligation and wondered how this “bumps” against policy. She expressed a need for the board to reflect citizen concerns and thinks it is risky for board reputation. Bud Hover noted the related project, and said he would like the county’s agreement with the Forest Service to be acceptable to board. He is concerned about how the money flows, and that it puts the board in the position of having created a bridge loan, which he is opposed to, particularly in terms of setting a precedent.

Kaleen noted that there are legal issues about use of state bond funds, particularly with regard to using state funds for private gain. The board must be very careful about spending state bond funds.

David said that the example helps, but they need a policy first. Craig thinks that the example is an exchange to the federal government, not a conveyance, which is entirely different from what the statute intended. By addressing the situation, Craig thinks the board will establish a precedent for transfers, but not for the original statute. Tim Smith noted it is hazardous to consider changing policy to accommodate certain situations. Kaleen clarified that statutory language exists to make this possible, but there is not existing policy to help guide its implementation. The board is interested in refining the policy before any specific proposals are presented.

Chair Tharinger asked staff to return to the board with a refined policy recommendation.

PUGET SOUND NEARSHORE ECOSYSTEM RESTORATION PARTNERSHIP SCIENCE PANEL

Charles “Si” Simenstad, University of Washington, Curtis Tanner, Washington Department of Fish and Wildlife, Doug Myers, People for Puget Sound, and Paul Cereghino, National Oceanic and Atmospheric Administration presented this agenda item.

(See notebook item #16 for details)

Puget Sound Nearshore Ecosystem Restoration Partnership is working for congressional approval for their program to protect and restore the natural processes and function in Puget Sound nearshore ecosystems. Curtis Tanner gave an overview of the process, including how science, stakeholder involvement, and opportunities lead to strategic needs, and ultimately, a general project list for congressional funding. They are hoping that the strong science mitigates the opposition they know is coming. Their package will include a comprehensive plan for Puget Sound, project list, monitoring and adaptive management, and planning.

Si Simenstad began by explaining how the geomorphic classification breaks up all of the shoreline into geomorphic form to identify forms, systems, structure, and benefits.

Curtis then described the conditions in both 1850 and present, which they mapped into classifications based on nearshore process. He described how they comparing the conditions to explain mechanisms – including human causes – that caused the change.

Si then explained how they have organized the changes into four levels to quantify it. They have this information for 900 segments within the Puget Sound. There are many cumulative effects. Ultimately, the data are translated into a rating, which serves as the scientific baseline.

Doug Myers presented information about how they identify areas with the greatest and least impact, and join conservation and restoration targets. As an example, he noted that areas where the science indicates that the ecosystem is in good shape are targets for conservation, while nearby areas would be good for restoration. He also discussed how GIS allows them to look at cumulative effects of changes and stressors. Doug noted that they want to tie the strategic needs they identify with the work of the board’s funding so that they can coordinate with other funding for the bigger projects.

Si discussed the alternative futures analysis as a fundamental requirement of their program. He explained that there are many different ways to do this, and that they developed a tool to help predict changes and evaluate efforts/options. This effort is still in development. The board discussed big picture elements such as climate change and the regulatory environment, as well as how PSNERP is sharing information with other entities (e.g., counties) that need to plan.

Curtis presented information about their efforts to gain citizen involvement and participation. They need to translate benefits into “currency” that people understand. They are using similar currency model to the Puget Sound Partnership. He noted that it is a question of how much people are willing to pay based on their understanding of relative benefits, while acknowledging that people have different priorities,

social values, and social interests. In response to a board questions, he clarified that they are not trying to put economic value on the benefits.

Paul concluded the presentation by describing the related grant driven system – Estuary and Salmon Restoration Program (ESRP) – to identify and implement early action projects. He noted that they rely on the board's infrastructure to make this grant program work. He noted that the grant programs are part of a broad ecosystem recovery that also includes salmon, water quality, etc.

Bridget Moran will be stepping into ESRP management role. Kaleen also noted some effort to have RCO do the grant management for ESRP.

ADJOURN

Meeting adjourned at 12:28 p.m.

Steve Tharinger, Chair

Next meeting: February 12-13, 2009
Olympia, WA