



PROPOSED Salmon Recovery Funding Board Meeting Agenda

March 2, 2011

Natural Resources Building, Room 172, Olympia, WA 98504

Time: Opening sessions will begin as shown; all other times are approximate.

Order of Presentation:

In general, each agenda item will include a presentation, followed by board discussion and then public comment. The board makes decisions following the public comment portion of the agenda item.

Public Comment:

If you wish to comment at a meeting, please fill out a comment card and provide it to staff. Please be sure to note on the card if you are speaking about a particular agenda topic. The chair will call you to the front at the appropriate time. You also may submit written comments to the Board by mailing them to the RCO, attn: Rebecca Connolly, Board Liaison at the address above or at rebecca.connolly@rco.wa.gov.

Special Accommodations:

If you need special accommodations to participate in this meeting, please notify us by February 23, 2011 at 360/902-3086 or TDD 360/902-1996.

WEDNESDAY, MARCH 2, 2011

OPENING AND WELCOME

- 9:00 a.m. Call to Order** *Chair*
- Determination of Quorum
 - Review and Approval of Agenda (*Decision*)
 - Approval of October 2010 Meeting Minutes (*Decision*)

MANAGEMENT AND PARTNER REPORTS (Briefings)

- 9:15 a.m. 1. Recognition of Service for former Board Member Steve Tharinger** *Chair*
- Resolution 2011-01

- 9:30 a.m. 2. Management Status Report**
- a. Director's Report *Kaleen Cottingham*
 - b. Financial Report
 - c. Legislative and Budget Update *Steve McLellan*
 - Salmon-related budget items
 - Status of legislative discussions on future of SRFB
 - Options for PCSRF match in 2011-13
 - Status of acquisitions in budget bills
 - d. Policy Report *Megan Duffy*
 - Follow-up report: expansion of eligible project types
 - Follow-up report: farmland acquisition notice policy
 - e. Work Plan and Performance Update (*Written report only*) *Dominga Soliz*

- 10:30 a.m. BREAK**

- 10:45 a.m. 3. Salmon Recovery Management Reports**
- a. Governor's Salmon Recovery Office *Phil Miller*
 - 2010 Regional Performance Reviews
 - b. Monitoring Forum *Ken Dzinbal*
 - Sunset of Forum and transition issues
 - Ongoing management of SRFB monitoring contracts
 - c. Grant Management *Brian Abbott*
 - 2011 project conference
 - Presentation of projects *Salmon Section Staff*

General Public Comment: *Please limit comments to 3 minutes*

Noon LUNCH ON OWN

- 12:45 p.m. 4. Reports from Partners**
- a. Council of Regions Report *Steve Martin*
 - b. Lead Entity Advisory Group Report *Barbara Rosenkotter*
 - c. Regional Fisheries Enhancement Groups *Lance Winecka*

BOARD DECISIONS

- 1:30 p.m. 5. Designate New Subcommittee Member(s)** *Brian Abbott*

~~6. Monitoring Contracts Given Timing Uncertainty of 2011 PCSRF~~

Updated February 17, 2011: This discussion and decision will take place at the May meeting.

BOARD BRIEFINGS

- 1:35 p.m. 7. State of the Salmon in Watersheds, 2010 Report** *Phil Miller*
Jennifer Johnson

2:05 p.m. BREAK

- 2:15 p.m. 8. State and Regional Salmon Recovery Funding Strategy** *Phil Miller*
Dennis Canty

- 3:00 p.m. 9. Preliminary Discussion Regarding Funding and Scopes of Work for Lead Entities and Regions in 2011-13 Biennium** *Phil Miller*
Lloyd Moody
- a. Connection to strategic plan framework
 - b. Performance deliverables in grant agreements
 - c. Guidance on scopes of work in advance of budget decisions

4:00 p.m. ADJOURN
Next meeting: May 25-26, 2011, Olympia, WA

SALMON RECOVERY FUNDING BOARD SUMMARIZED MEETING AGENDA AND ACTIONS, DECEMBER 10, 2010

Agenda Items without Formal Action

Item	Follow-up Actions
Management Report	The board approved a letter to state agencies regarding potential budget cuts. The letter has been signed and mailed.
Regional operating funds report	Board members requested the following be considered for future reports: <ul style="list-style-type: none"> • Ask the regions if they are expanding their functions and associated funding • Consider expanding the report to include more information on how funds are spent

Agenda Items with Formal Action

Item	Formal Action	Follow-up Actions
Minutes	Approved the minutes as presented, with edits requested by Carol Smith.	None
Recognizing the Service of Bob Nichols	Approved Resolution 2010-01	None
2010 Grant Round	<p>Granted conditional approval to project #10-1847, requiring the lead entity to provide an alternatives analysis to the Review Panel within 90 days.</p> <p>Approved the project lists and funding as follows:</p> <ul style="list-style-type: none"> • \$1,784,880 for projects and project alternates in the Snake River Region • \$1,983,870 for projects and project alternates in the Mid-Columbia Region • \$2,180,850 for projects and project alternates in the Upper Columbia Region • \$3,015,000 for projects and project alternates in the Lower Columbia Region • \$1,809,000 for projects and project alternates in the Coastal Region • \$1,334,601 for projects and project alternates in the Hood Canal Region • \$7,587,789 for projects and project alternates in the Puget Sound Region • \$402,000 for projects and project alternates in the Northeast Region 	
Manual 18 Administrative Edits	Approved administrative edits to Manual 18 for the 2011 grant cycle.	
Proposed Expansion of Eligible Project Types	Deferred decision	Staff briefing in March on how the board funding would fit with other sources; Prepare the proposal for a work group.
Proposed Farmland Acquisition Notice Policy	Deferred decision	Member Smith and the Conservation Commission should work with the lead entity coordinators to identify problem areas so that the board can address specific issues. As part of that work, the lead entities should explain how they have dealt with – or avoided – problems.

SALMON RECOVERY FUNDING BOARD SUMMARY MINUTES

Date: December 10, 2010

Place: Room 172, Natural Resources Building, Olympia, WA

It is intended that this summary be used with the notebook provided in advance of the meeting. A recording is retained by RCO as the formal record of meeting.

Salmon Recovery Funding Board Members Present:

Steve Tharinger, Chair	Clallam County	Melissa Gildersleeve	Department of Ecology
David Troutt	DuPont	Sara LaBorde	Department of Fish and Wildlife
Bob Nichols	Olympia	Carol Smith	Conservation Commission
Harry Barber	Washougal	Mike Barber	Department of Transportation
Bud Hover	Okanogan County	Craig Partridge	Department of Natural Resources

- David Troutt arrived at 9:17 a.m.
 - Chair Tharinger and Craig Partridge arrived at 9:35 a.m.
 - Sara LaBorde was absent from 10:30 a.m. until 12:45 p.m.
 - Carol Smith arrived at 12:55 p.m.
-

Opening and Welcome

Chair Designee Bud Hover called the meeting to order at 9:07 a.m. and a quorum was determined. Members Hover, Nichols, H. Barber, M. Barber, LaBorde, and Gildersleeve were in attendance. Mike Barber, Department of Transportation, introduced himself as the new WSDOT member.

- The Salmon Recovery Funding Board (board) approved the agenda, revising it to move the Mid-Columbia Region to the end of item #6.
- Director Cottingham noted that staff had provided revised copies of the October minutes, making two changes from the version presented in the notebooks.

Bob Nichols moved to adopt the October minutes as presented at the meeting, with the changes noted by Director Cottingham.

Seconded by: Harry Barber

Motion: APPROVED

Management and Partner Reports

Management Status Report

Director Cottingham noted that they would address only items 1B and 1E at the meeting. Steve McLellan provided an update on the budget and stated that there would be a special session on Saturday, December 11 to deal with the shortfalls in the current biennium. He explained how the RCO cut \$93,000 from its budget for this biennium.

He noted that the operating budget shortfall had increased for the next biennium, and that the RCO would need to come up with a 10 percent cut. Nearly the entire general fund budget for RCO is in the salmon programs, so the board will be asked to make decisions at a later date. The Governor will begin to roll out her budget on Monday, December 13. Steve also noted that the size and capacity of the capital budget had decreased dramatically for the next biennium; the best case scenario appears to be about 42 percent of what was expected last spring. The competition for funding will be intense.

Steve also noted that the budget situation creates difficulties in providing the required match for the Pacific Coastal Salmon Recovery Fund (PCSRF). He also anticipates a moratorium on land acquisitions; it is unclear what the scope would be. The board may need to make decisions about both issues in March. He concluded by noting that the budget is difficult for RCO, SRFB, and our partner agencies. Director Cottingham noted that we may not have information by March; it could be as late as May or June.

Member Troutt suggested that the board take a position on acquisition, as it relates to salmon recovery, noting that it could limit the ability to achieve salmon recovery. Member Hover agreed, noting the conservation values. Director Cottingham noted that the RCO has advocated that position. She reminded the board that once the Governor announces her budget, they cannot, as a board, work against its contents. Member LaBorde suggested that while she agrees that the money should go to the highest priorities, she doesn't want the board to take a position that puts it in a weak position in competition for funding. Director Cottingham clarified that they may be able to accomplish acquisitions with federal funds. Members Harry Barber and Nichols voiced support of that approach, and Member Hover noted that it makes it very important to get the match.

Ken Dzinbal, Executive Coordinator for the Forum on Monitoring, then discussed a draft letter to the state agencies describing the board's priorities, as requested by the board at the October meeting. The letter asks agency directors to consider the impacts of any reductions on the board's ability to leverage future federal grants and additional investments by others. The board approved the letter for signature by the chair.

No General Public Comment was provided

Salmon Recovery Management Reports and Partner Reports

Director Cottingham noted that these reports were in writing only.

Briefings

Annual Regional Operating Funds Report 2010

Governor's Salmon Recovery Office (GSRO) Executive Coordinator Phil Miller presented the Annual Regional Operating Funds Report for fiscal year 2010. He discussed the data in detail, and concluded with the following findings:

- Total operating funding available for regional organizations, lead entities, and watershed planning units in fiscal year 2010 and in added out-year(s) is \$17.7 million. There is some uncertainty in funding after fiscal year 2010 for lead entities and watershed planning units.
- The SRFB is the largest source of operating funds for FY 2010 for all organizations in six out of seven regions.

- The seven regional organizations relied upon SRFB funding for 77 percent of their fiscal year 2010 funding for regional operations.
- The operations of 27 lead entity organizations in fiscal year 2010 relied upon a mix of mostly federal and state funds (61%) and upon local government contributions (31%).
- In an overall sense, there does not appear to be a great deal of diversity or variation in availability or reliance on fund sources across the salmon recovery regions.

He noted that the report does not include funds for the watershed planning units that are unrelated to salmon recovery. He also noted that [local government's in-kind contributions](#) are not included. Phil suggested that the information could help the board with their funding decisions in March and May.

Members Nichols, Hover, and Tharinger noted that the information is useful, makes the process transparent, and gives a good overall perspective. Member Hover noted that a significant amount of time and resources were needed to set up the system and that they need to keep the momentum. Chair Tharinger suggested that in future reports, the GSRO look at how the regions spend the funds, consider how efficient and effective they are, and consider whether that is a basis for expanding their mission to other natural resources work, if that's something the regions want to do. Phil noted that the efficiency is achieved through scope and deliverables in the contracts. Member Troutt noted that the next report should consider whether funds are sufficient for meeting the regions' mission. Member Nichols noted that the Puget Sound Partnership is a test-case of how to do the broader mission, and suggested a progress report. He reminded the board that they need to look at their work from the watershed perspective. Member LaBorde reminded everyone to focus on the field work, and to not prioritize coordinating bodies over functional pieces.

Board Decisions

The board took action on four topics, as follows.

Recognition of Service for Board Member Bob Nichols

The board recognized the service of board member Bob Nichols, who is retiring from state service in December 2010.

Bud Hover moved to adopt Resolution 2010-01 to recognize the service of Bob Nichols.

Seconded by: David Troutt

Motion: APPROVED

2010 Grant Round

Salmon Section Manager Brian Abbott reviewed the funding report and grant round process. He noted that the state funds are all under contract, per the board direction at previous meetings. He discussed the schedule, projects of concern, and noteworthy projects.

Review Panel members Kelley Jorgenson and Tom Slocum then spoke about the Review Panel's observations, which are described in detail in the funding report. They recognized the efforts of sponsors, lead entities, and regions for putting together a set of quality, innovative projects. They noted the value of involving the review panel early in the process, and suggested approaches that could improve the efficiency of the process. They also highlighted three specific areas of concern:

- conflicts between board policies and those in the Conservation Reserve Enhancement Program (CREP);
- conflicts between board policies and those set by federal agencies such as FEMA;
- sponsor capacity to develop projects, especially those that are more complex; and
- the need for more effectiveness monitoring information to inform project design.

Brian Abbott then reviewed the regional allocations and the projects within each region. He noted that the spreadsheets provided to the board for voting include project alternates, and explained some changes that took place after the funding report was mailed in mid-November.

The regional directors then presented information about their project selection processes and activities in the region.

Steve Martin, Snake Region, stated that the projects are good across the regions, and thanked the board for using an allocation method because it reduces the uncertainty for those working in salmon recovery. He also noted project successes in the Snake Region.

Derek VanMarter, Upper Columbia Region, discussed their various funding sources, and noted that the SRFB provides a critical portion of the \$22 million they are currently managing. They recently hosted an adaptive management conference, and noted that a significant challenge was the genetic diversity of the species; he encouraged the board to look at hatchery reform. He noted that the Upper Columbia Salmon Recovery Board Implementation Team had won the *Partners in Conservation Award*.

Jeff Breckel, Lower Columbia Region, stated that it was a good grant round, and encouraged the board to seriously consider the comments made by the review panel. He stated that the SRFB funds are their habitat funding source, although the sponsors are creative in getting match. He explained that their approach to acquisitions is careful and limited, designed to make the best contribution to recovery. He also stated that the early involvement of the review panel has contributed to a decline in projects of concern.

Miles Batchelder, Coastal Region discussed the coast's organizational milestones and allocation of SRFB funds. He also noted that they have a noteworthy project on the list, which will restore over 700 acres of estuary. It is part of a much larger project that will ultimately restore over 1200 acres. He also discussed the development of their regional salmon plan.

Scott Brewer and Richard Brocksmith, Hood Canal reviewed the projects that were before the board for funding, including the conditions placed on the Dosewallips Engineered Log Jams project. Richard described their efforts at knotweed eradication and replanting, and thanked the board for their support of the programs. They are excited about the RCO's work to integrate HWS and PRISM. Scott noted their integrated watershed management plan, which looks at salmon recovery from an ecosystem perspective.

John Meyer, Puget Sound Region discussed the project list, and thanked the board for their support of this list and the PSAR projects approved in October. He noted that they have a list of \$55 million in PSAR projects for the next biennium.

Nick Bean, Lead Entity Coordinator WRIA 62 thanked the board for their support. He described the projects on the list, and noted that in the past they have funded designs and assessments; this list includes a project that builds on it. He noted some additional funding sources that they have.

Alex Conley, Middle Columbia addressed project #10-1847, Teanaway River - Red Bridge Road Project, which is a project of concern. He described the history of the project, noting the impact of a flood in 2009, the current state, and the reasons that the situation must be fixed. It is a project of concern because a future flood could compromise the structure, and there are specific concerns with the preliminary design. He noted that they are working with several engineers to rework the design. He noted that NOAA, BPA, Ecology, and WDFW support the project. They understand the risks – (1) that it's a short-term fix in a volatile reach and (2) it could cause problems downstream – but believe that they are manageable, and provide sufficient short-term benefits.

The board considered the following in their discussion:

- Would the lead entity absorb the risk of the project failing?
- What is the risk to fish if the project is not funded?
- Where is spawning located, and is this a barrier for the fish?
- How does a different design mitigate the risk?
- What would the cost be to the irrigators if the work was not done, and are they willing to contribute to the project cost?

The board discussed whether the solution could be to condition the project and require the lead entity to submit a new design to the Review Panel within a certain timeframe. Patty Michak of the Review Panel said that they would like to see an alternatives analysis within 90 days that includes a relocation of the pump station intake to a less volatile location.

David Troutt moved to conditionally approve the project, giving the lead entity 90 days to submit an alternatives analysis to the Review Panel.

Hover Seconded.

Motion APPROVED

Bud Hover moved to approve \$1,784,880 for projects and project alternates in the Snake River Region, as listed on Funding Table 2010-01, dated December 10, 2010.

Seconded by: David Troutt

Motion: APPROVED

Bud Hover moved to approve \$1,983,870 for projects and project alternates in the Mid-Columbia Region, as listed on Funding Table 2010-02A, dated December 10, 2010, subject to earlier vote on conditioning project #10-1847.

Seconded by: David Troutt

Motion: APPROVED

Bud Hover moved to approve \$2,180,850 for projects and project alternates in the Upper Columbia Region, as listed on Funding Table 2010-03, dated December 10, 2010.

Seconded by: David Troutt

Motion: APPROVED

Bud Hover moved to approve \$3,015,000 for projects and project alternates in the Lower Columbia Region, as listed on Funding Table 2010-04, dated December 10, 2010.

Seconded by: David Troutt

Motion: APPROVED

Bud Hover moved to approve \$1,809,000 for projects and project alternates in the Coastal Region, as listed on Funding Table 2010-05, dated December 10, 2010.

Seconded by: David Troutt

Motion: APPROVED

Bud Hover moved to approve \$1,334,601 for projects and project alternates in the Hood Canal Region, as listed on Funding Table 2010-06, dated December 10, 2010.

Seconded by: David Troutt

Motion: APPROVED

Bud Hover moved to approve \$7,587,789 for projects and project alternates in the Puget Sound Region, as listed on Funding Table 2010-07, dated December 10, 2010.

Seconded by: David Troutt

Motion: APPROVED

Bud Hover moved to approve \$402,000 for projects and project alternates in the Northeast Region, as listed on Funding Table 2010-08, dated December 10, 2010.

Seconded by: David Troutt

Motion: APPROVED

Item 7: Changes to Manual 18 for 2011 Grant Cycle

Administrative Edits to Manual 18

Brian Abbott presented administrative edits to Manual 18 for the 2011 grant round. Stakeholders would have an opportunity to review the edits beginning on December 21. He noted that staff would like to publish the manual by January 3 so that it is ready for lead entities to use in developing their project lists. He reviewed the edits as described in the memo, noting that the staff already has done some outreach with lead entities, the review panel, and staff.

Bud Hover moved to adopt the Manual 18 administrative changes as presented.

Seconded by: David Troutt

Motion: APPROVED

Proposed Expansion of Eligible Project Types

Megan Duffy, Policy Specialist, presented the proposal for expanding the eligible project types, as described in the board memo. She then noted that they sent the proposal out for feedback, but that comments revealed lack of consensus and numerous questions and concerns regarding details of implementation. She explained the reasons for both opposition and support. She presented three options for board action: defer action, direct staff to refine the proposal for a decision in December 2011, or adopt the proposal as presented.

Chair Tharinger noted that the staff recommendation was to refine the proposal. The board concurred with the staff recommendation, asking that staff return in March with a briefing on how the board funding would fit with other sources, and prepare the proposal for a work group. Members made the following observations in the discussion:

- Member Hover noted that the board needs to define its objectives for hatcheries, and how it would evaluate them as compared to habitat projects.
- Member Harry Barber suggested that this is a time for the board to stay with their existing list of eligible projects, given the budget situation; there are sources that would fund other project types.
- Member Troutt stated that the board shouldn't limit its focus to habitat because it could limit the ability to maximize salmon recovery. Member LaBorde agreed that the board should support the highest priorities in each region, regardless of project type.
- Member Smith requested more information about monitoring, suggesting that it be broadly applicable and scientifically valid. Member Hover concurred, noting that it also should include how data will be used and stored.

Proposed Farmland Acquisition Notice Policy

Dominga Soliz, Policy Specialist, presented the farmland acquisition notice policy requested by the board in May 2010, as presented in the board memo. She noted that the stakeholder feedback was polarized, with some respondents strongly favoring the proposal while others strongly opposed it. Staff revised the policy proposal based on feedback. She concluded that staff recommended either adopting the revised proposal or deferring a decision so that staff could develop alternatives.

The board discussion focused on what problem they were trying to solve, whether it was widespread or limited to certain areas, and how to ensure that solutions work for all participants. They also noted that there are roles for both the board and the Conservation Commission, and recognized the importance of both lead entities and conservation districts.

Member Smith noted that the involvement of agricultural groups with lead entities doesn't happen consistently across the state. She also noted that it is not effective for the conservation district to sit in on the lead entity meetings, and reminded the board that communication is part of the board's strategic plan.

The board asked Member Smith and the Conservation Commission to work with the lead entity coordinators to identify problem areas so that the board can address specific issues. As part of that work, the lead entities should explain how they have dealt with – or avoided – problems. The policy was deferred pending this work.

Public Comment:

Alex Conley, Mid-Columbia Region, testified that this is best addressed by local lead entities. He said that while it won't cause them any problems, the policy needs more clarity regarding timeliness. The application deadline in August is too late.

*** DRAFT ***

Jeff Breckel, Lower Columbia Region, stated that they work hard to build relationships, and that if there's an agricultural community issue that isn't addressed, it is a problem. He noted that they require sponsors to explain why easements cannot be used. He is concerned that this opens the door to notifications to other parties. He thinks that the problem should be solved in other ways.

Final Comments

Chair Tharinger noted that he can no longer serve on the board because he has been elected to the Legislature. His departure will be effective when he is sworn in on January 10, 2011. Board members thanked him for his years of service. Formal service recognition will occur at the March 2011 meeting.

Meeting adjourned at 4:10 p.m.

Approved by:

Salmon Recovery Funding Board Chair

Date

Meeting Date: March 2011
Title: Service Resolution for former Board Member Steve Tharinger
Prepared By: Kaleen Cottingham, Director

Proposed Action: Decision

Summary

It is the practice of the Salmon Recovery Funding Board (board) to recognize the service of members when they leave the board.

Former board member Steve Tharinger was appointed to the board in 2002. In 2007, Governor Gregoire selected him to replace Bill Ruckelshaus as chair. During his tenure as chair, the board adopted a new strategic plan, provided millions of dollars for projects and monitoring to support salmon recovery, and began a review of its processes to ensure efficiencies, accountability, and effectiveness.

In December 2010, Steve announced that he had been elected to represent the 24th District in the State Legislature, and would be leaving the board effective January 10, 2011. The board will be asked to recognize his service at the March 2, 2011 meeting.

Staff Recommendation

Staff recommends that the board approve the service of former board member Steve Tharinger with the attached resolution.

Proposed Motion Language

Move to approve Resolution 2011-01 recognizing the service of Steve Tharinger.

Attachments

Resolution 2011-01



A Resolution to Recognize the Service of
Steve Tharinger
To the Residents of Washington State and the Salmon Recovery Funding Board

WHEREAS, from February 2002 through January 2011 Steve Tharinger served the residents of the state of Washington as member and chairman of the Salmon Recovery Funding Board; and

WHEREAS, Mr. Tharinger' service assisted the State of Washington in protecting some of its most important salmon habitat; and

WHEREAS, Mr. Tharinger inspired staff, his peers, and many others through his consistent dedication and commitment to the board and salmon recovery; and

WHEREAS, Mr. Tharinger's intellect, good humor, and big picture thinking helped the board strategically plan its work of providing grants for restoration projects and funding for the human capacity necessary to recover salmon and the monitoring necessary to "tell the story" and ensure that our efforts made a difference; and

WHEREAS, Mr. Tharinger provided the board with excellent advice, valuable insight, and strong leadership that assisted in the development of exemplary policies and decisions that funded, during his tenure, 1,135 projects, creating a state and federal investment of more than \$287 million in Washington's salmon recovery effort; and

WHEREAS, members of the board wish to recognize his support, leadership, and service, and wish him well in future endeavors;

NOW, THEREFORE BE IT RESOLVED, that on behalf of the residents of Washington and in recognition of Mr. Tharinger's dedication and excellence in performing his responsibilities and duties as a member and chair, the board and its staff extend their sincere appreciation and compliments on a job well done, and

BE IT FURTHER RESOLVED, that a copy of this resolution be sent with a letter of appreciation to Mr. Tharinger.

Approved by the Salmon Recovery Funding Board
in Olympia, Washington on March 2, 2011

David Troutt, Citizen Member

Bud Hover, Chair

Harry Barber, Citizen Member

Craig Partridge
Department of Natural Resources

Melissa Gildersleeve
Department of Ecology

Sara LaBorde
Department of Fish and Wildlife

Mike Barber
Department of Transportation

Carol Smith
Conservation Commission

Meeting Date: March 2011
Title: Director and Agency Management Report
Prepared By: Kaleen Cottingham, Director

Proposed Action: Briefing

Summary

Remembering Barb McIntosh

It is with great sadness that we said goodbye to our coworker, Barb McIntosh, who passed away from cancer in January. Barb worked with us since 2000, managing salmon recovery grants. Before joining us, she spent 20 years with the Washington Department of Fish and Wildlife in various capacities. Barb was known for her dedication to salmon recovery, ability to get things done, calmness, and hard work. She was an important component of the salmon team, always reliable, and providing good insight on projects. Many of her coworkers attested to her quiet nature, love of the outdoors, strength, and sense of good humor. In a remembrance ceremony, staff told stories of her trail-breaking role in jobs traditionally held by men, spoke of both her serious side and of her playful nature, and her devotion to her 16-year-old daughter. She is greatly missed.

Planning for Consolidation

Governor Gregoire has proposed combining the Department of Fish and Wildlife, the State Parks and Recreation Commission, RCO and others into a new Department of Conservation and Recreation. The consolidation bill is very lengthy, but proposes no program policy changes. The Office of Financial Management is developing savings targets for the 2011-13 biennium. More information is in item #2C.

Applying for Salmon Funding from the Federal Government

In January, the National Oceanic and Atmospheric Administration called for applications for funding through the Pacific Coastal Salmon Recovery Fund. This fund supplies more than half the funding for salmon recovery activities. RCO has, as in past years, negotiated with the Department of Fish and Wildlife and the NW Indian Fisheries Commission to submit an agreed upon application. The draft application is due to NOAA on February 9th, with the final due March 11. More information is in item #2C.

Media Covers Salmon Grant Awards

The news release announcing the salmon grants was well received by the media, exposing our program to more than 350,000 potential readers. Overall, the news release appeared in 22 newspapers. The majority of articles appeared in daily newspapers, including the News Tribune (Tacoma), The Olympian, the Union Bulletin (Walla Walla), The Columbian (Vancouver), the Skagit Valley Herald (Mount Vernon), the Yakima Herald Republic, the Wenatchee World, and the Peninsula Daily News (Port Angeles).

What the Legislative Session Looks Like for RCO

Legislative session is off and running. RCO is monitoring numerous bills, as well as pursuing an agency request bill to extend the Invasive Species Council. We also have been meeting with legislators to give them updates on RCO activities and to answer questions. Of course, the top-line item for the session is adoption of a supplemental budget making cuts for the rest of this biennium, as well as adopting operating and capital budgets for the next biennium. More information is in item #2C.

New Faces In and Around RCO

The winter has seen several new people join the RCO team, including several new board members. We also said goodbye to several board members and staff.

- **Sarah Baker** joined RCO's fiscal shop. She comes to RCO with some great private sector accounting experience. She will be processing grant payments. This is a six-month position.
- **Steve Leider**, an original Salmon Team member, retired from the Governor's Salmon Recovery Office (GSRO) in December after 35 years of state service. Steve had been the science coordinator for GSRO and had the lead role in developing the 2010 "State of Salmon in Watersheds" report. Steve has taken a position with National Marine Fisheries Service to work on hatchery reform in Puget Sound.
- **Steve Tharinger** and **Bob Nichols** have left the Salmon Recovery Funding Board. Steve resigned after being elected to the state House of Representatives. Bob retired from state service. Governor Chris Gregoire has appointed current board member **Bud Hover** as the new chair of the salmon recovery funding board.
- Two new people have joined the Recreation and Conservation Funding Board – **Elizabeth "Betsy" Bloomfield** of Yakima and **Pete Mayer** of Vancouver. Betsy is the executive director of the Cowiche Canyon Conservancy. Pete is the director of the Vancouver-Clark Parks & Recreation Department. The Governor also reappointed Bill Chapman as the chair of the RCFB.

Personnel Evaluations

The timely completion of evaluations and expectations is an RCO performance measure, with RCO's goal being to have 100 percent completed by January 31. It appears that we have met

our goal. RCO places importance on this process for two reasons: (1) performance evaluations and expectations are mandated by state law and the bargaining agreement, and (2) we want to be clear about what is expected so that our employees are successful.

Board Updates

Recreation and Conservation Funding Board (RCFB): The next meeting of the RCFB will be March 31 in Olympia. Highlights of the agenda include introductions of our new board members, policy decisions related to biennial grant cycles and to two grant programs (Firearms and Archery Range Recreation, Land and Water Conservation Fund), and previews of upcoming conversions and time extensions. Policy staff also will brief the board on the sustainability initiative, the level of service, and allowable uses. We also will be adding a new feature to the grant management report – a presentation highlighting closed projects of note.

Washington Invasive Species Council: The council has reviewed the draft baseline assessment of invasive species in the Puget Sound basin and expects the report to be finished in February. Council staff continues working with the Department of Information Services to design the WISE Web site (Washington Invasive Species Education). Content development for the site is nearly complete. The council also is publishing the “Animal Invasive Species Field Guide,” which will be given to noxious weed coordinators and other field staff to help them identify invasive animals.

Habitat and Recreation Lands Coordinating Group: The lands group held its quarterly meeting January 26 and discussed options for continuing the group past its July 2012 sunset date. The group will recommend to the Legislature that the state land acquisition coordination process continue. Group members also discussed a proposal for the first biennial State Land Acquisition Monitoring Report, which will be published in September. The report will compare completed state land acquisitions with initial proposals to see if state agencies did what they intended to do. The lands group will host the third Annual State Land Acquisition Coordinating Forum in July.

Washington Forum on Monitoring Salmon Recovery and Watershed Health: With the forum’s sunset date set for June 30, they are spending most of their time addressing which of its functions should be retained, which agencies might be able to take on those functions, and what final actions or communications the forum should complete. The Monitoring Forum report is item #3B.

Meeting Date: March 2011
 Title: Management Status Report: Financial Report
 Prepared By: Mark Jarasitis, Chief Financial Officer
 Approved by the Director:

Proposed Action: Briefing

Summary

The attached financial report reflects Salmon Recovery Funding Board (board) activities as of December 31, 2010. The available balance (funds to be committed) is \$6.6 million. The board's balances are as follows:

Fund	Balance
Funds Awarded by the Board or RCO	
Current state balance	\$91,610
Current federal balance - Projects	\$1,178,397
Current federal balance – Activities ¹	\$5,298,778
Puget Sound Acquisition and Restoration (PSAR)	\$3,253
Other Funds	
Family Forest Fish Passage Program (FFFPP) – Awarded by DNR	\$2,802
Estuary and Salmon Restoration – Awarded by DFW	\$0

Attachments

- A. Salmon Recovery Funding Board Budget Summary

¹ Hatchery/Harvest activities and some monitoring activities are allocated by RCO according to the parameters of the federal PCSRF grant and are in various stages of being put under contract..

Salmon Recovery Funding Board Budget Summary

For the Period of July 1, 2009 - June 30, 2011, actuals through 12/2010 (fm18) 01/14/2011

Percentage of biennium reported: 75.0%

	BUDGET		COMMITTED		TO BE COMMITTED		EXPENDITURES	
	new & reapp. 2009-11	Dollars	% of budget	Dollars	% of budget	Dollars	% of comm	
GRANT PROGRAMS								
State Funded 01-03	\$135,410	\$135,410	100%	\$0	0%	\$2,636	2%	
State Funded 03-05	\$1,903,862	\$1,903,862	100%	\$0	0%	\$946,473	50%	
State Funded 05-07	\$4,739,719	\$4,738,262	100%	\$1,456	0.01%	\$2,139,138	45%	
State Funded 07-09	\$10,309,239	\$10,309,239	100%	\$0	0%	\$6,584,013	64%	
State Funded 09-11	\$9,350,000	\$9,259,846	99%	\$90,155	1%	\$3,703,657	40%	
State Funded Total	26,438,230	26,346,619	100%	\$91,610	0.9%	13,375,917	51%	
Federal Funded 2005	\$6,670,818	\$6,670,818	100%	\$0	0%	\$6,670,186	100%	
Federal Funded 2006	\$8,850,150	\$8,819,288	100%	\$30,862	0.01%	\$4,538,015	51%	
Federal Funded 2007	\$14,305,923	\$14,287,679	100%	\$18,243	0.01%	\$6,886,380	48%	
Federal Funded 2008	\$20,312,568	\$20,311,635	100%	\$933	0.01%	\$7,583,934	37%	
Federal Funded 2009	\$23,864,900	\$23,864,627	100%	\$273	0.01%	\$7,420,172	31%	
Federal Funded 2010	\$26,675,000	\$20,248,136	76%	\$6,426,864	24.1%	\$0	0%	
Federal Funded Total	100,679,359	94,202,184	94%	\$6,477,175	6%	33,098,688	35%	
Lead Entities	6,847,171	6,847,170	100%	\$0	0%	2,993,808	44%	
Forest & Fish	1,638,485	1,638,485	100%	\$0	0%	1,237,021	75%	
Puget Sound Acquisition and Restoration	55,361,358	55,358,106	100%	\$3,253	0%	24,576,294	44%	
Estuary & Salmon Restoration	6,790,000	6,790,000	100%	(0)	0%	1,799,211	26%	
Family Forest Fish Passage Program	11,394,296	11,391,494	100%	2,802	0.0%	3,366,202	30%	
Puget Sound Critical Stock	4,004,190	4,004,190	100%	-	0%	0	0%	
Subtotal Grant Programs	213,153,089	206,578,247	97%	6,574,840	3%	80,447,141	39%	
ADMINISTRATION								
SRFB Admin/Staff	5,084,072	5,084,072	100%	-	0%	3,145,311	62%	
Technical Panel	413,891	413,891	100%	-	0%	302,457	73%	
Subtotal Administration	5,497,963	5,497,963	100%	-	0%	3,447,768	63%	
GRANT AND ADMINISTRATION TOTAL	\$218,651,052	\$212,076,210	97%	\$6,574,840	3%	\$83,894,909	40%	

Meeting Date: March 2011
Title: Legislative and Budget Update
Prepared By: Steve McLellan, Policy Director

Approved by the Director:

Proposed Action: Briefing

Budget Update

As of this writing, little has changed in the budget outlook since the last board meeting in December 2010.

Current Biennial Budget

The Legislature convened a special one-day session on Saturday, December 11, 2010 to address a substantial shortfall in the remainder of the current biennium. They approved nearly \$600 million in budget cuts, but delayed a decision on the remaining \$500 million until the current legislative session. As expected, the general fund budget for the Recreation and Conservation Office (RCO) was reduced by another \$93,000.

As of this writing, lawmakers are still considering a supplemental budget to close the remainder of the funding gap for the biennium. To date, none of the proposals have involved additional cuts to RCO.

2011-13 Biennial Budget

After the budget gap for the remainder of the current biennium is closed, lawmakers must turn toward closing an additional \$4.6 billion shortfall for the 2011 – 13 biennium. The next revenue forecast, scheduled for March 17, may change that figure, but most observers expect any changes to be modest.

To enact an anticipated 10 percent cut (\$245,000) in the general fund, RCO proposed shifting \$150,000 from lead entity state contracts and \$48,000 from the technical review panel to be covered by federal salmon funds. We also recommended spreading the remainder of reductions (\$47,000) among the rest of the programs receiving general funds: Governor's Salmon Recovery Office, Invasive Species Council, lead entity administration, and administrative costs associated with the agency director, legislative liaison, and Salmon Recovery Funding Board.

This board will need to decide what, if any, amount of salmon-related cuts to fill with federal salmon funds. Also, indications are that legislative budget writers may be looking for additional reductions in natural resources agencies, either directly from the general fund, or by shifting dedicated accounts to help with the general fund shortfall.

On the capital budget side, the Governor included \$10 million for state salmon grants, \$15 million for Puget Sound Restoration (no acquisition is allowed by state agencies), \$2 million for Family Forest Fish Protection Program, and \$5 million for the Estuary and Salmon Restoration Program. The Governor's proposal reduces RCO's overall capital budget allotment by 50 percent to \$100 million for the biennium.

After the capital budget was submitted, a state bond sale required higher interest rates than projected. The result is a \$177 million reduction in capital bonding capacity from the Governor's projected level. While efforts are being made to find additional capacity, including a thorough review of reappropriations, the capital situation will remain challenging at best.

Options for PCSRF Match in 2011-13

On January 10, 2011, the National Oceanic and Atmospheric Administration (NOAA) released the federal funding opportunity announcement for the Pacific Coastal Salmon Recovery Fund (PCSRF). The announcement is based on a predicted PCSRF amount from Congress of \$80 million. However, this is just a prediction. At the time of this writing, Congress has approved a continuing resolution through early March. It is expected that a final continuing resolution for the remainder of the federal fiscal year will be adopted. Until then, NOAA is unable to allocate any PCSRF funds. RCO will be submitting a grant application for the maximum amount each PCSRF eligible applicant can request (\$30 million). The draft application is due to NOAA on February 9th, with the final application due March 11, 2011. A 33 percent state match is required for whatever funding amount Washington State receives from the final appropriated amount.

As noted above, the Governor's budget has identified a \$10 million allocation for SRFB salmon recovery funding. This is the same level of funding received in the current biennium. Any allocation from the state would be counted toward the 33 percent match requirement. RCO will continue to monitor the legislative process and to develop possible options for meeting the full 33 percent in light of state funding allocated and PCSRF grant funds awarded.

Legislative Updates

The following are some highlights of the legislative session. Staff will provide an updated list of bills at the board's March meeting. The cutoff for bills to clear their first policy committee is on February 21, 2011.

Elimination of the Salmon Recovery Funding Board

HB 1371 and SB 5469 (both requested by the Governor) would eliminate the Salmon Recovery Funding Board as of December 31, 2011 and transfer all board-related functions to the director of RCO. As of this writing, the bill has had an initial hearing in the House, but Senate hearings have not yet been scheduled.

Natural Resources Consolidation

The Governor is also pursuing legislation to consolidate RCO with the Department of Fish and Wildlife and the State Parks and Recreation Commission, into a new Department of Conservation and Recreation. Law enforcement officers from the Department of Natural Resources would transfer to the new agency, as would the Natural Heritage Program. The bill (SB 5669) was introduced on February 4, and scheduled for its first hearing in the Senate Committee on Natural Resources & Marine Waters on February 10. A companion bill (HB 1850) has been introduced in the House. Under the Governor's proposal, both this board and the Recreation and Conservation Funding Board would be retained as strong boards with final, independent authority over any issues involving DCR as a grant applicant or grant recipient. Of course, this provision could be overridden by the legislation eliminating the Salmon Recovery Funding Board.

The Office of Financial Management is developing consolidation savings targets for the 2011-13 biennium. Savings in future biennia will be described as "indeterminate" and will be developed by the transition team for the new agency. The transition team and some process information will be described in the bill. The deputy directors for each agency continue to meet weekly on consolidation issues. Because it's early in the transition process, the focus has been on sharing information and planning what needs to be done in the short-term and what needs to be done if the Legislature passes the bill.

We expect alternative proposals from legislators to be introduced.

Invasive Species Council

RCO request legislation (Senate Bill 5090 and HB 1413) to extend the Invasive Species Council until June 30, 2017 remains alive at this time. Under the bill, the Council will be required to find operating funding from sources other than the general fund.

Meeting Date: March 2011
Title: Policy Report
Prepared By: Steve McLellan, Policy Director
Approved by the Director:

Proposed Action: Briefing

Summary

The Policy Section is working on a number of issues at the request of the Salmon Recovery Funding Board (board), the Recreation and Conservation Funding Board, the legislature, and the Recreation and Conservation Office (RCO) staff and director. This memo highlights the status of some key efforts.

Expansion of Eligible Project Types

In December, the board agreed with a staff recommendation to continue working on a proposal that would expand the types of projects eligible for funding. At the time, the board asked staff to prepare a briefing for March on how the board funding would fit with other sources, and prepare the proposal for a work group. As of this writing, staff is continuing to assess the various funding sources, in cooperation with GSRO, which is gathering information from the regions and lead entities. Staff will update the board on progress made at the March meeting, but likely will not be able to provide a comprehensive review and proposal until after the 2011 legislative session.

Farmland Acquisition Notice Policy

Following direction from the board, staff is developing policy options for facilitating local agricultural awareness about potential board-funded acquisitions. At the December 10, 2010 meeting the board postponed approving a proposal that required notice to conservation districts of potential board-funded acquisition projects that include zoned-agricultural land. Public response to the proposal was fairly polarized and board members were concerned that the proposal was drafted too broadly by requiring notice even in areas where conservation districts are already actively engaged in the lead entity project review process. Board members suggested a better approach would be to identify specific areas where the local agricultural community is not engaged in the project review process and to develop options for improved engagement.

Policy staff is working with the Washington State Conservation Commission and lead entities to develop options for either more focused outreach to local agricultural communities or for a more narrow policy proposal.

Allowable Uses Policy

Staff is developing policy to clarify allowable uses of projects to encourage more consistent and transparent decisions about whether a project use is allowable on a grant project site. The policy will provide a method for determining whether a project use (activity, structure, or infrastructure element) is consistent with the project agreement and grant program. Policy staff will brief the Recreation and Conservation Funding Board in March and expects to bring specific elements of the proposal forward for RCFB consideration over the course of the year. Changes will be incorporated in Manual 7, which sets forth guidelines for funded projects, and will apply to all RCO grant-funded projects.

Puget Sound Partnership Target Setting

The Puget Sound Partnership is developing ecosystem targets to articulate a vision of a healthy Puget Sound by 2020. The targets will be incorporated into the next Action Agenda revision at the end of 2011 in order to help state agencies and others implement the strategy. There will be two types of targets: ecosystem component targets (for desired future conditions of human health and well-being, species and food webs, habitats, water quantity, and water quality) and ecosystem pressure targets (for desired reduction in the level of each pressure on the ecosystem). About 25 targets will be set, including the Dashboard Ecosystem Indicator for salmon.

RCO staff has asked the Partnership to consider the regional Puget Sound recovery plans when setting targets, including the NOAA-adopted recovery plans for Hood Canal Summer Chum, Puget Sound Chinook, and, in the future, Puget Sound Steelhead. The recovery plans include data and other information that would be helpful to setting targets and are supported by strong science and significant scientific effort. Staff continues to receive progress reports from the Partnership on the target setting process.

Grants for Puget Sound Ecosystem Restoration and Protection

Staff is working with state agency lead organizations, the Puget Sound Partnership and others to develop plans for implementing Environmental Protection Agency (EPA) grants for Puget Sound Ecosystem restoration and protection. RCO will be managing competitive sub-awards for marine and nearshore restoration and protection through the existing Estuary and Salmon Restoration Program (ESRP). Money is expected to be on the ground for the first round of EPA funding by July 31, 2011.

Acquisition Manual 3 Update

The Recreation and Conservation Funding Board (RCFB) approved significant policy changes for funded RCO acquisition projects at its meeting in October 2010. Significant changes included revisions to the following policies:

- Third party appraisals
- Appraisal waivers
- Environmental audits and contaminated property
- Eligible costs
- Ineligible projects
- Interim land uses
- Conservation easement compliance
- Legal access
- Landowner acknowledgement
- Acquisition for future uses

The RCFB did not approve a staff recommended changes to adopt federal “yellow book” appraisal standards for determining the market value of properties acquired with RCO grant funds. Staff will be continuing to work with stakeholders on this issue.

The new policies adopted took effect immediately upon adoption by the RCFB for all new grant awards administered by the RCO. Therefore, the new policies apply to the projects funded at the December 2010 board meeting and thereafter.

In addition to the policy changes, the RCO director approved other procedural and administrative changes which affect the implementation of all RCO funded acquisition projects.

All changes made have been incorporated into a revised *Manual #3: Acquiring Land Policies and Procedures* which should be available for project sponsors in February. Information about the changes was shared with project sponsors via direct email notice and through RCO’s “Grant News You Can Use” monthly newsletter.

Meeting Date: March 2011
 Title: RCO Work Plan and Performance Measures Update: Salmon
 Prepared By: Rebecca Connolly, Board Liaison and Accountability Manager
 Approved by the Director:

Proposed Action: Briefing

Summary

The Recreation and Conservation Office (RCO) uses performance measures to help the agency reduce reappropriation and improve the way we do business. Staff combines the measures and the agency work plan updates in the monthly GMAPⁱ report. This memo provides highlights of agency performance related to the projects and activities funded by the Salmon Recovery Funding Board (board).

Analysis

The following measures are among those that help us to check our processes at several points in the grant management cycle. All data are for salmon grants only. The chart includes current fiscal year 2011 data, as of February 1, 2011. Additional detail is shown in the charts in Attachment A.

Measure	Target	YTD FY 2011 Performance	FY 2011 Indicator
Percent of salmon projects closed on time	70%	56%	↔
Percent of salmon projects closed on time and without a time extension	50%	57%	↑
% salmon grant projects issued a project agreement within 120 days after the board funding date	75%	100% (Oct. approval) 40% (Dec. approval)	↑
% of salmon grant projects under agreement within 180 days after the board funding date	95%	100% (Oct. approval) 11% (Dec. approval)	↑
Cumulative expenditures, salmon target	30%	36%	↑
Bills paid within 30 days: salmon projects and activities	100%	64%	↓
Percent of anticipated stream miles made accessible to salmon	100%	100%	↑

Data Notes:

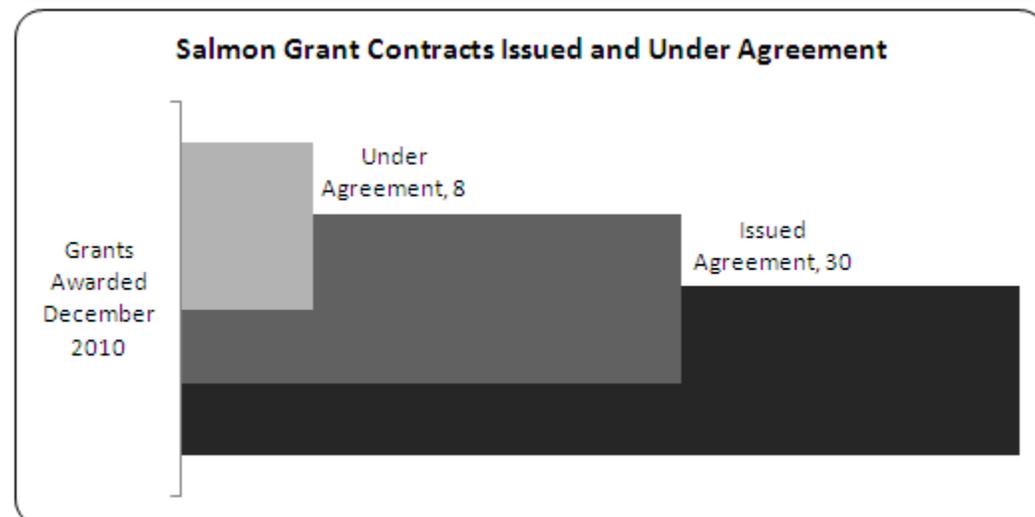
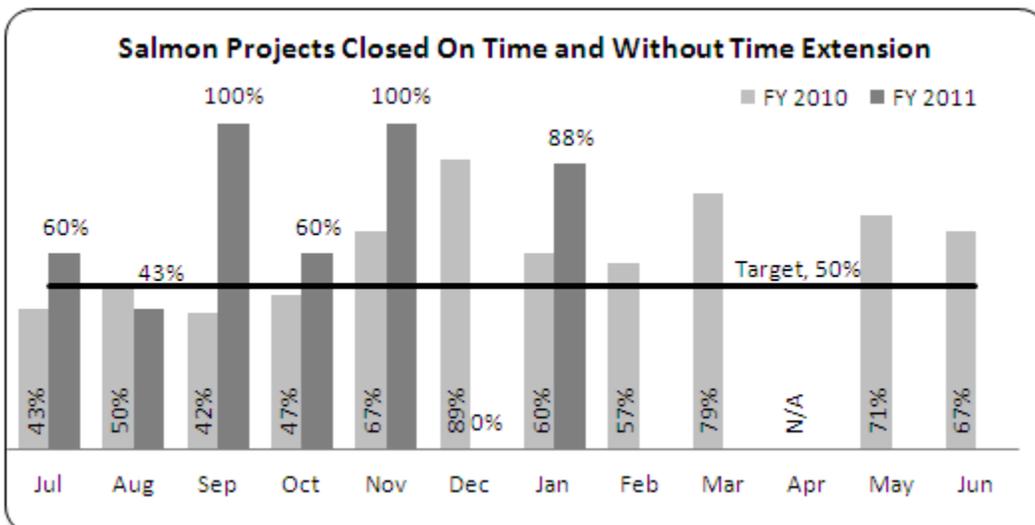
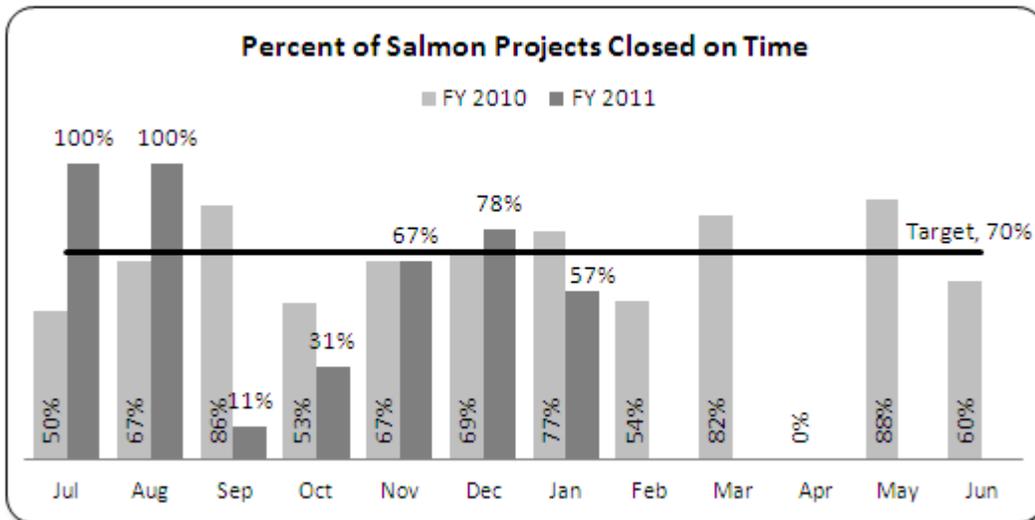
- In November 2010, we closed 68 percent of salmon projects on time – nearly reaching our target of 70 percent. In December, we exceeded the target by closing 78 percent on time. Our closure rate declined in January as focus shifted putting new grants under agreement.
- The percentages of projects either issued or under agreement are based on the 53 days following the board funding decisions on December 10, 2010. This is significant progress.
- In January, we paid 68 percent of bills on time. Some projects have been held up because of the new billing source documents requirements.

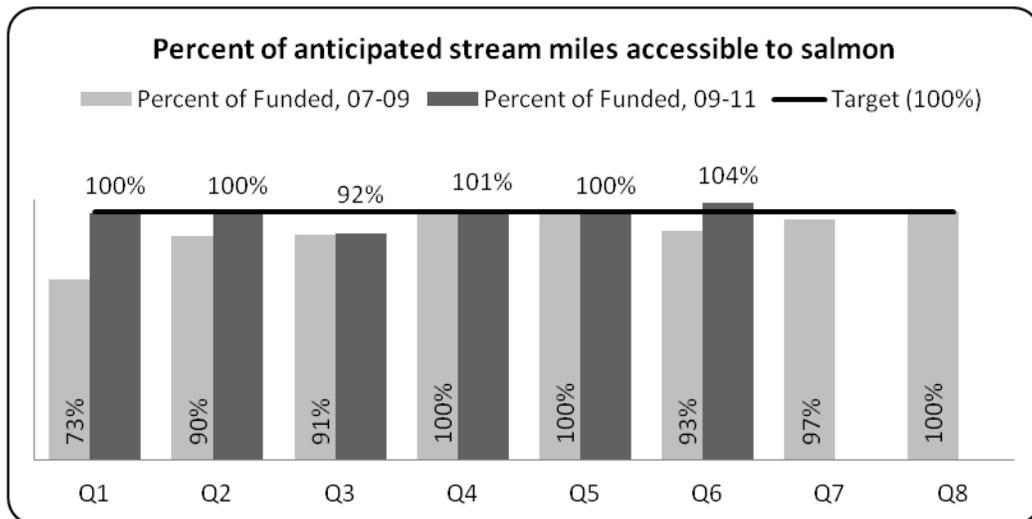
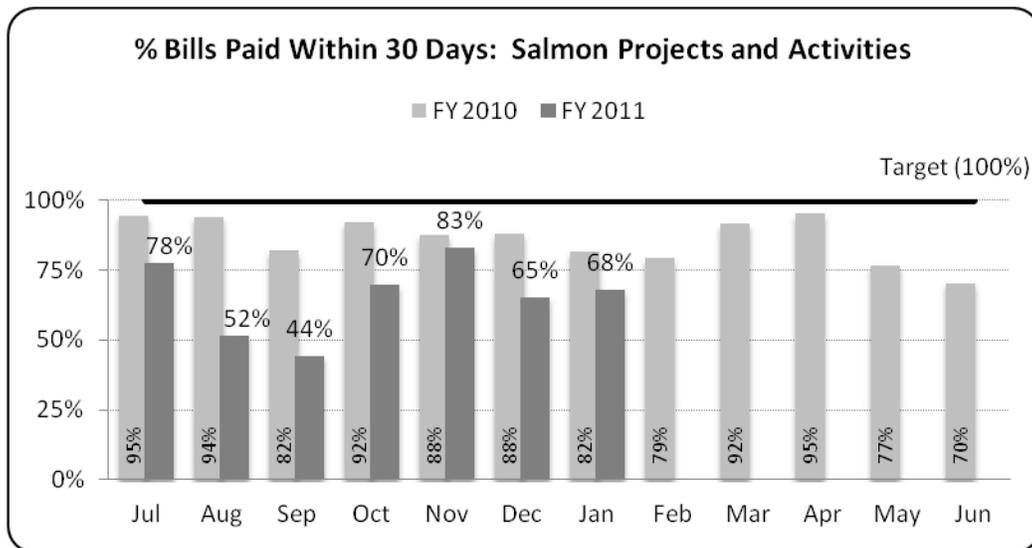
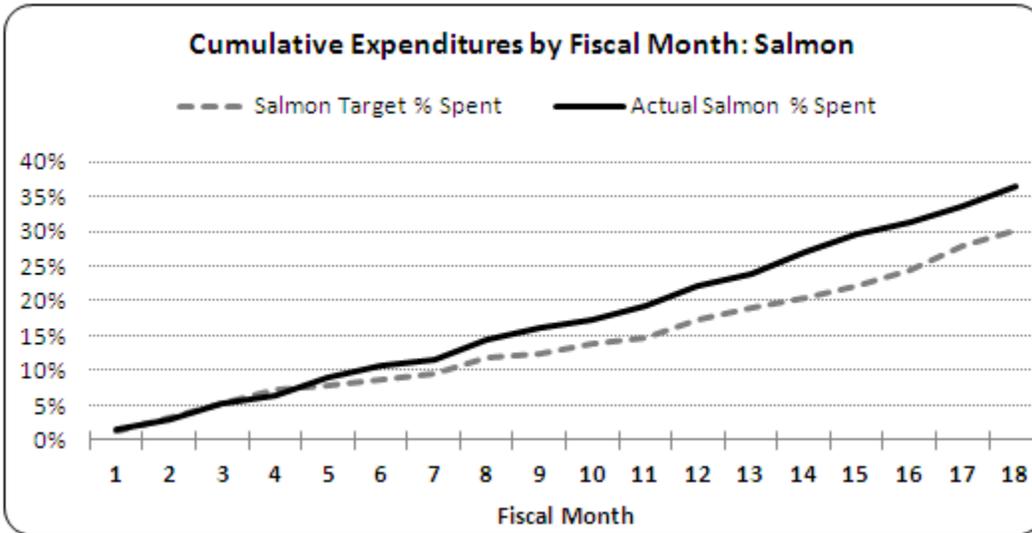
Attachments

A. Performance Measure Charts

ⁱ GMAP stands for Government Management Accountability and Performance, and is the cornerstone of the Governor's accountability initiative.

Performance Measure Charts





Meeting Date: March 2011
Title: Management Report, Governor's Salmon Recovery Office
Prepared By: Phil Miller, Executive Coordinator
Approved by the Director:

Proposed Action: Briefing

Highlights of Recent Activities

Personnel Change

Steve Leider, who was one of the original members of the Governor's Salmon Recovery Office (GSRO), resigned after 35 years of state service to take a position with NOAA Fisheries. Steve will be working on NOAA programs related to hatchery management in Puget Sound.

Jennifer Johnson will lead the development and production of the next State of Salmon in Watersheds Report, which is due in December 2012. A decision on whether to recruit for a new staff person or re-assign Steve's other duties (e.g., advising on salmon science, assisting with efforts for fish and habitat status monitoring, and supporting recovery action effectiveness monitoring) will be made next until summer.

2010 Regional Performance Reviews

GSRO conducted annual performance reviews for all seven regional salmon recovery organizations between August and November 2010. These reviews (1) acknowledge recent major accomplishments, (2) identify obstacles or delays to key milestones, and (3) clarify expectations and milestones identified in the current scope of work. Attachment A is a summary report with statewide highlights. A more detailed report is available upon request to GSRO.

2010 State of Salmon in Watersheds Report

The 2010 State of Salmon in Watersheds Report is complete, and will be mailed to Salmon Recovery Funding Board (board) members. It will shortly be posted on the RCO website at http://www.rco.wa.gov/doc_pages/other_pubs.shtml#gsro. GSRO will brief the board on the report at its March meeting (see notebook item 5).

State and Regional Salmon Recovery Funding Strategy

GSRO and regional organizations have worked with a consultant to develop a state and regional salmon recovery funding strategy. This work has compiled statewide and regional information on salmon recovery costs, funding, gaps in funding, and options for addressing funding issues. GSRO will brief the board on the strategy at its March meeting (see notebook item 6).

Regional and Lead Entity Grants and Scope of Work for 2011-2013

GSRO is working with the Council of Regions, the Lead Entity Advisory Group, and individual regional and lead entity organizations to formulate a fiscal framework and an outline of key activities for the operational grant awards to be proposed to the board in May. GSRO will brief the board on the strategy at its March meeting (see notebook item 7).

Attachments

- A. Annual Regional Salmon Recovery Organization Performance Reviews: Summary Report of 2010 Reviews for Salmon Recovery Funding Board



Annual Regional Salmon Recovery Organization Performance Reviews

Summary Report of 2010 Reviews Prepared for Salmon Recovery Funding Board

Prepared by Governor's Salmon Recovery Office
January 2011

Introduction

The Governor's Salmon Recovery Office (GSRO) manages Recreation and Conservation Office (RCO) grant agreements with seven regional salmon recovery organizations. These agreements require an annual review of the regional organization's performance. This document summarizes the 2010 reviews.

Background and Methodology

In 2008, the Salmon Recovery Funding Board (SRFB) directed the RCO to begin reviewing each region's annual performance under the contracts¹. GSRO and RCO staff conducted the first reviews in the fall of 2008 and 2009 and reported the findings to the SRFB in February 2010. The most recent reviews took place between August and November 2010.

The annual review is done through a discussion with each region's executive director and staff. The discussions address:

- recent major accomplishments;
- obstacles or delays to key milestones; and
- upcoming milestones in the scope of work.

¹ The annual review supplements the progress reports submitted by the regions twice per year.

Structure of the Agreements

The regional recovery organizations each have a unique scope of work, which is structured under the following common themes:

- Support Collaborative Decision-Making
- Refine and Manage Recovery Plan
- Coordinate Implementation and Reporting
- Coordinate Monitoring and Adaptive Management
- Communicate with the Public, Tribes and Agencies
- Financial Planning for Operations and Implementation

Statewide Highlights by Discussion Topic

Recent Major Accomplishments (2009-2010)

- Regional organizations have made substantial progress in their recovery efforts. Some of the accomplishments include: recovery plan completion or revisions; implementation schedules for plan actions; and coordinating implementation of key actions by recovery partners.
- Regional organizations have developed and are coordinating implementation of shorter term (e.g., 3-year) and more specific implementation schedules and work plans for actions in their recovery plans.
- Regional organizations have identified existing and relevant monitoring activities, gaps in monitoring data, and priorities for addressing these gaps.
- Regional organizations are engaged with lead entity responsibilities, including: developing, reviewing, and ranking habitat projects for SRFB funding consideration. Regions are making progress and having success in coordinating SRFB funding with other sources of funding for projects.

Obstacles or Delays to Key Milestones

- Regional organizations are experiencing challenges in completing or effectively coordinating monitoring and adaptive management plans and processes. Reasons include:
 - complex relationships among monitoring programs;
 - inability to obtain funding to address high priority monitoring needs; and
 - the difficulty of coordinating monitoring strategies at a regional and watershed scale with monitoring policies and programs operating at broader scales (i.e., state, Pacific Northwest, and national).

- The regional organizations' ability to track and report on recovery plan implementation is evolving.
 - We have an opportunity to enhance their ability in a way that coordinates with existing data management systems such as Habitat Work Schedule.
 - The opportunity is complicated by the need to balance the interests of the state and the regions. The state's primary interests include data compatibility and the ability to use information at the statewide scale. The regions' primary interests are in having flexible systems that tailor data and reports to the needs of the region and regional recovery plans.

Upcoming Milestones in 2010-2011

The following key milestones relate to varied tasks and deliverables included in the regional contracts. Each contract includes specific tasks scheduled to be completed by June 30, 2011.

The annual review found that the extent of progress varies by region and milestone. GSRO staff is developing an indicator system for progress reports and performance reviews that will provide a more specific picture of performance of key milestones and deliverable products.

- Move toward completion and federal adoption of final recovery plans for the multi-state, ESU/DPS scale plans in the Lower Columbia and Snake River regions.
- Complete the regional plan now being drafted for the Washington Coast region and complete initial elements of the Puget Sound Steelhead Recovery Plan.
- Maintain progress to integrate salmon recovery plan implementation with broader watershed and ecosystem health action agendas in all regions, to the extent that such integration can be emphasized and supported.
- Finalize or revise (as needed) and coordinate implementation of monitoring, evaluation and adaptive management plans and processes (e.g., the adaptive management cycle being implemented in the Upper Columbia region).
- Develop regional implementation tracking and reporting system(s) for salmon recovery that meets each regional organization's needs and is compatible with statewide tracking and reporting guidance and needs.
- Continue coordinating with key recovery partners to promote high priority strategies and actions to implement the regional recovery plan.
- Coordinate actions being taken by regional organizations to implement regional strategies, consistent with statewide strategies, to stabilize and diversify funding for regional recovery plan implementation.

Other Topics Discussed with Regions

Several topics of interest to GSRO and to all regions were discussed during each regional review. These topics were:

1. Recovery implementation tracking and data management;
2. The 2010 regional operating funds report;
3. Participation in developing the state and regional funding strategy;
4. Coordinating regional and lead entity scopes of work for 2011-2013; and
5. Budget and personnel issues.

Recovery implementation tracking and data management

Implementation tracking and data management was discussed as an emerging area of greater statewide emphasis by GSRO. The regional organizations were asked to describe the current status of tracking implementation of recovery plan actions and their future needs to track implementation and manage implementation data.

The 2010 Regional Operating Funds Report

Each regional grant agreement includes a provision requiring the regional organization to compile annual information on operating funds from all sources available to the regional organization, lead entities and watershed planning units within their area. All regions submitted their operating funds information by the due date (September 30, 2010) and GSRO prepared a statewide operating funds report for the SRFB in December 2010.

Developing the State and Regional Funding Strategy

The GSRO and regional organizations have worked with a consultant to develop a state and regional salmon recovery funding strategy. This work will be completed by March 2011. The regional organizations provided information on recovery costs and available funding for implementing their recovery plans.

Regional and Lead Entity Scopes of Work for 2011-2013

GSRO is responsible for developing the scope of work for regional and lead entity operating grant agreements with RCO for the 2011-2013 biennium. GSRO emphasized this as an opportunity to ensure the scope of work focuses on priority activities such as implementation tracking and data management. Developing the scope of work also will be used to coordinate regional and lead entity tasks and deliverables.

Budget and Personnel Issues

GSRO and RCO will review regional budgets and expenditures during the 2009-2011 biennium as part of evaluating each region's budget needs during development of their scopes of work for the 2011-2013 biennium. The proposed budgets will be presented to the SRFB for approval later in 2011. Preliminary discussions occurred during the regional review meetings.

Meeting Date: March 2011
Title: Monitoring Forum Briefing
Prepared By: Ken Dzinbal, Monitoring Forum Coordinator
Approved by the Director:

Proposed Action: Briefing

Summary

With the forum's sunset date set for June 30, much of the forum's December meeting was taken up by a discussion about which of its functions should be retained, which agencies might be able to take on those functions, and which final actions or communications the forum might want to complete before it sunsets. A subcommittee of forum members volunteered to help draft a memorandum of understanding to guide agency monitoring coordination after the sunset date. Members also concurred with the chair's recommendation to draft a letter to the Governor outlining the forum's major accomplishments, including any final recommendations about the coordination of monitoring programs.

In addition, the transition will consider ways to ensure ongoing management of the monitoring contracts funded by the Salmon Recovery Funding Board.

Meeting Date: March 2011
Title: Management Report: Salmon Recovery Grant Management
Prepared By: Brian Abbott, Section Manager
Approved by the Director:

Proposed Action: Briefing

Grant Management

The Salmon Recovery Funding Board (board) approved funding for 79 projects at the December 10, 2010 meeting. Since then, staff has been developing project agreements with sponsors and routing them electronically to speed up the signature process. Our progress on issuing agreements is shown as a performance measure in item 2E.

Manual 18

The board approved the administrative changes for inclusion in Manual 18 at the December 10, 2010 meeting. Staff completed a draft of the document and made it available to lead entities and regional organizations to review through the first week of January 2011. Staff completed final formatting and posted the manual to the RCO web site in late January. It is available at http://www.rco.wa.gov/doc_pages/manuals_by_number.shtml.

Project Conference

The project conference will be held April 26 and 27, 2011 at the Great Wolf Lodge Conference Center, which is 16 miles south of Olympia. The project conference will feature over 75 presenters during the two-day event. Staff continues to develop the details, and will have a full report and agenda available at the board meeting on March 2, 2011. Registration is scheduled to open February 15, 2011.

Pacific Coast Salmon Recovery Fund Annual Meeting

The Pacific Coastal Salmon Recovery Fund (PCSRF) Restoration Implementation Workshop was held January 12, 2011 in Portland, Oregon. Sponsored by the National Oceanic and Atmospheric Administration, the workshop allowed participants to share successes and experiences from on-the-ground implementation of recovery and restoration efforts funded by

the federal PCSRF. Over 50 people attended from Washington, Oregon, California, Idaho and Alaska. The second day of the meeting focused on program issues specific to the states and tribes that manage PCSRF grant funds.

Grant Administration

The table below shows the progress of the Salmon Recovery Funding Board in funding and completing salmon recovery projects since 1999. Information is current as of January 24, 2011.

Funding Cycle	Fiscal Year	Active Projects	Pending Projects (approved but not yet active)	Completed Projects	Total Funded Projects
Governor's Salmon Recovery Office Federal 1999	1999	0	0	94	94
Interagency Review Team (Early Action grant cycle) State 1999	1999	0	0	163	163
SRFB - Early (State) 2000	2000	0	0	90	90
SRFB - Second Round 2000	2001	0	0	147	147
SRFB - Third Round 2001	2002	2	0	130	132
SRFB - Fourth Round 2002	2003	4	0	84	88
SRFB - Fifth Round 2004	2004	5	0	103	108
SRFB - Sixth Round 2005	2006	13	0	96	109
SRFB - Seventh Round 2006	2007	26	0	68	94
SRFB - 2007 Grant Round (<i>includes PSAR</i>)	2008	129	0	82	211
SRFB - 2008 Grant Round	2009	85	0	23	108
SRFB - 2009 Grant Round (<i>includes PSAR</i>)	2010	198	0	7	205
SRFB - 2010 Grant Round	2011	37	70	0	107
*Family Forest Fish Passage Program	To Date	47	0	137	184
** Estuary Salmon Restoration Program	To Date	9	0	0	9
Totals		555	70	1224	1849
Percent		30%	3.79%	66.2%	

Table Notes:

- * FFFPP projects landowners that have applied to the program and are waiting to become a high priority for funding. These projects are not included in totals.
- ** Shows ESRP projects either under contract with the RCO or approved for RCO contracts. Older projects are under contract with the Department of Fish and Wildlife.

Staff Presentation of Projects

Salmon section staff will present information about several projects at the March Salmon Recovery Funding Board meeting. Projects that will be highlighted include the following:

Project # 07-1817: Morse Creek

Status:	Closed Completed
Sponsor:	North Olympic Salmon Coalition
Lead Entity:	North Olympic Peninsula
Grant Manager:	Tara Galuska
Grant Source:	Puget Sound Acquisition and Restoration
Description:	<p>The North Olympic Salmon Coalition used this grant to develop final designs for restoration of Morse Creek, a tributary to the Strait of Juan de Fuca. The creek is used by chum, pink and coho salmon, bull trout, and steelhead. The creek had been severely altered; it is channelized, confined, over steepened, diked, and depleted of wood.</p> <p>Restoration will include removing some of the dike, reconnecting the creek with its floodplain, placing wood in the river and reshaping the channel. Restoration work was funded by project 08-1843.</p> <p>At the meeting, staff also will present three related projects in the reach (08-1843, 09-1519, and 04-1590).</p>

Project #07-1867: Greenwater LWD – Puyallup Watershed

Status:	Active
Sponsor:	South Puget Sound Salmon Enhancement Group
Lead Entity:	Pierce County
Grant Manager:	Dave Caudill
Grant Source:	Puget Sound Acquisition and Restoration
Description:	<p>The South Puget Sound Salmon Enhancement Group will use this grant to place engineered logjams in the Greenwater River to increase the diversity of habitat for salmon. Large, mid-channel logjams and smaller wood structures will be positioned in the river to help restore the channel's elevation, allow the river to move and connect to its floodplain, and provide pools where fish can feed, rest and hide from predators. The watershed was altered in the 1970s when much of the tree root wads, logs and gravel were removed from the river. The logjams ultimately will re-create some historical habitat conditions needed to increase the capacity to support fish populations.</p>

Project #07-1631: Skokomish Estuary Island Restoration

Status: Active

Sponsor: Skokomish Tribe

Lead Entity: Hood Canal Coordinating Council

Grant Manager: Mike Ramsey

Grant Source: State Salmon Funds and Puget Sound Acquisition and Restoration

Description: The Skokomish Tribe, Tacoma Power and Mason Conservation District, along with the Puget Sound Nearshore Partnership and National Coastal Wetlands Conservation, will use this grant to restore natural tidal hydrology to 214 acres of the Skokomish estuary in Hood Canal. Crews will remove 90,000 cubic yards of fill material, obliterate 2.12 miles of island dikes and remove 1.3 miles of roads and 2.7 miles of borrow ditches, improving habitat and water quality and reducing flooding in the Nalley Island area.

Project #07-1841: Twin Rivers Ranch Acquisition

Status: Active

Sponsor: Capitol Land Trust

Lead Entity: Mason Conservation District

Grant Manager: Tara Galuska

Grant Source: State Salmon Funds and Puget Sound Acquisition and Restoration

Description: Capitol Land Trust purchased the 132-acre Twin Rivers Ranch, spanning the entire north end of Oakland Bay in south Puget Sound. The purchase permanently conserves 1 mile of freshwater shoreline on Deer and Cranberry Creeks and two-thirds of a mile of intact estuarine habitat. Salmon-bearing Deer and Cranberry Creeks flow through the property into Oakland Bay, providing feeding, resting, and transitioning habitat valuable for coho, Chinook, and native summer chum salmon as well as native winter steelhead and coastal cutthroat trout. The property's coastline and uplands contain 66 acres of wetlands including estuarine habitat, salt marsh vegetation, tidal sloughs, and adjacent tide flats. The property's 36 acres of forests more closely resemble Alaska's spruce-dominated bogs than the Puget Sound region's other lowland forests. This project builds upon another board-funded project that conserved the 85-acre Malaney Creek estuary just one-half mile south of Twin Rivers Ranch.

Additional funding for this acquisition came from a variety of federal, state, local, and private sources including grants from the U.S. Fish and Wildlife Service and Washington Department of Ecology.

WA Salmon Recovery Council of Regions
Report to the Salmon Recovery Funding Board
March 2011

The Regional Directors met in January in Snoqualmie. Their discussions focused on:

1. Long term funding strategy to implement the salmon recovery plans
 2. Post Forum monitoring and reporting
 3. Future State of the Salmon reports
 4. Implementation tracking and reporting
 5. Regional Organization and Lead Entity goals and strategies for 2001-2013 biennium
-
1. GSRO and their consultant are wrapping up the strategy for funding the implementation of the regional recovery plans. When final, the report will become a basis for future discussions and exploring partnerships. Salmon recovery costs are substantial. With the declining budget and support for salmon issues, crafting a broader appeal to manage the gap in funding will become important to sustain local and regional efforts. The estimated cost for implementing the plans over the next ten years is \$4.7 billion in capital costs and \$800 million in non-capital costs with habitat restoration and monitoring costs being the primary need. The report also explains each region's circumstances noting unique difficulties and opportunities. The diversity in their funding base varies considerable with some regions gaining support from BPA while others continue to fall behind with no dedicated funding source.
 2. With the sunset of the WA Forum for Monitoring Salmon Recovery and Watershed Health, the directors discussed ways to continue this work. This need is coupled with GSRO's need to report on the state of the salmon. The directors support the development of a Memorandum of Agreement to provide a collaborative process for resolving issues and supporting a coordinated monitoring foundation. Interest was also voiced for exploring a broader MOA that would establish a collaborative process for coordinating recovery efforts and resolving issues between the regional organizations and state agencies. The directors plan to meet in March to begin designing the "WA Way MOA."
 3. The directors anticipate reviewing the State of Salmon Report in February and offering improvements for next year. There is significant concern over the number of tracking initiatives being developed with little or no coordination with the recovery planning organizations. How these systems will support adaptive management decisions is unclear.
 4. In preparing for the next biennium, the regions were asked to review their organization's work plans and budget and identify efficiencies that could be realized over the next two years. GSRO introduced a draft scope of work and progress report template to assist in developing work plans. The regions were asked to consider their priorities.

Lead Entity Advisory Group Report
to the Salmon Recovery Funding Board, February 2011
Prepared and Submitted by LEAG Chair, Barbara Rosenkotter

The Lead Entity Advisory Group (LEAG) met via conference call on February 9th.

Lead Entities throughout the state are ramping up for the 2011 SRFB grant round by starting to solicit project proposals and setting up project site visits with the Review Panel.

A workgroup has been working with RCO staff to help develop the next Habitat Project Conference scheduled for April 26-27, 2011 in Grand Mound. The conference is shaping up to be another great conference and we expect a healthy turnout. Since Lead Entities will already be getting together for the project conference, we decided to take this opportunity to use some remaining training funds and add on an afternoon and evening training session for Lead Entities the day before the Habitat Project Conference on April 25th. Lead Entities agreed that this is a great way to leverage everyone's travel time, funding, and schedules to provide some training and networking as we rarely have the opportunity to meet in-person.

Lead Entities through various work groups along with RCO/GSRO staff continue to advance the goals set forth at the April 2010 LEAG retreat:

- Telling the Salmon Recovery Story
- Habitat Work Schedule (HWS) Enhancements
 - Implementation Scheduling
 - Tracking Programmatic Actions
 - PRISM to HWS Interface

The PRISM/HWS interface is scheduled to be released in mid-March. The interface is an exciting next step in interfacing PRISM with work being tracked in HWS. PRISM View will allow users to view information about a project in either database. The new Grants Module in HWS will allow the user to relate one or many grants to one or many projects. Description of the new interface has also been included in the updated Manual 18.

At the February LEAG meeting RCO staff provided an update regarding the Fiscal Framework and the proposal for updating the Scope of Work for Lead Entities and Regions. As always, the devil is in the details, but Lead Entities were supportive of the proposed areas of work and the concept of tailoring areas of emphasis in Scopes of Work. LEAG members were also very appreciative of the staff recommendation to continue maintaining Lead Entity funding in the next biennial budget.

LEAG also agreed to submit a letter of support for maintaining the Salmon Recovery Funding Board. LEAG members feel the role of the SRFB has been instrumental in obtaining and maintaining the level of funding that has been focused in Washington State and that any potential short term financial gains in eliminating the SRFB would likely be far outweighed by the risk to future salmon recovery funding.

Regional Fisheries Enhancement Group Program Update February, 2011

“DEDICATED TO COMMUNITY-BASED SALMON ENHANCEMENT IN WASHINGTON STATE”

SRFB members should have all recently received the **Regional Fisheries Enhancement Group Program’s Annual Report for Fiscal Year 2010**. This year we also produced a Summary version of this report that hopefully you all will find easier to read. The 14 nonprofit Regional Fisheries Enhancement Groups (RFEs) continue to be an incredibly effective and efficient force to involve local communities, citizen volunteers and landowners across the state in the salmon recovery efforts. While leveraging millions of additional dollars for successful enhancement, restoration, assessment, education and monitoring projects.

During the 2009-2010 fiscal year, the RFEs collectively completed 146 projects ranging from education and outreach to monitoring and, of course, on the ground salmon enhancement projects. In summary during the 2010 Fiscal Year:

- volunteers **donated over 63,000 hours** to RFE salmon enhancement efforts,
- **53 fish passage improvement** projects completed
- **65 miles** of habitat **opened** for migrating salmon,
- **52 miles** of habitat was **enhanced and restored** for salmonids; and
- **85,000 salmon carcasses** were returned to streams adding nutrients for juvenile salmon, bears, eagles and over 130 other species of wildlife.

Over the last 15-years, these accomplishments add up to:

- 1,073,669 volunteer hours;
- 720 fish passage problems fixed;
- 823 miles of fish habitat opened;
- 507 additional miles of habitat restored;
- 893,292 fish carcasses placed back in streams for nutrient enhancement;
- \$129,703,000 in additional leveraged funding for salmon restoration efforts.

In addition to on-the-ground habitat restoration, outreach and education, Washington’s RFEs regularly implement scientific monitoring programs to assess salmon populations, salmon habitat, and salmon habitat restoration projects. RFEs use scientific protocols to measure project effectiveness, to quantify salmon populations, assess long-term impacts of projects, and analyze cost effectiveness of projects and progress.

Our monitoring programs are incredibly under funded and rely heavily on the use of trained volunteers and interns to accomplish data gathering tasks. However, RFEs believe it is incredibly important to collect data that can demonstrate the success or failure of restoration projects to project partners, funders, landowners and community members.

Scientific monitoring activities currently performed by RFEs include:

- spawning ground surveys
- habitat assessments
- adult and juvenile fish counts
- macro invertebrate surveys
- nutrient enhancement monitoring
- pre- and post project vegetation monitoring for riparian planting projects
- water quality data collection and analysis
- effectiveness of large woody debris placement and in-stream projects
- nearshore habitat monitoring

RFEs utilize staff, interns, volunteers, and contractors, in collaboration with the WDFW, and other agencies, to implement scientific monitoring protocols, projects, and programs.

Meeting Date: March 2011
Title: Designate New Subcommittee Member
Prepared By: Brian Abbott, Salmon Section Manager
Approved by the Director:

Proposed Action: Decision

Summary

The Salmon Recovery Funding Board (board) administrative subcommittee reviews project amendment requests according to the Amendment Request Authority Matrix in Manual 18, Appendix Q.

The retirement of board member Bob Nichols' in December 2010 created a vacancy on the subcommittee. Staff is asking the board to appoint a new member to the subcommittee.

Staff Recommendation

Staff recommends that the board appoint one voting member of the board to the subcommittee. The board also may appoint additional non-voting members to assist if desired.

Proposed Motion Language

Move to appoint [name(s)] to serve on the board subcommittee.

Background

The board formed the subcommittee in 2002. Since then, the subcommittee has included two board members who meet with staff via conference call on an ad-hoc basis. The meetings occur no more than four times in an average year. At the meetings, the subcommittee considers amendment requests according to the authority matrix in Manual 18i. Typical issues brought to the subcommittee include cost increases greater than twenty percent, major changes to the project scope or property to be acquired, and significant changes to a project location.

In 2008, the board appointed citizen members Harry Barber and Bob Nichols to the subcommittee. Member Nichols' retirement has created a vacancy. Staff suggests that the subcommittee be made up of voting board membersⁱⁱ. The board may also want to consider including an agency member as an ex officio member of the subcommittee.

ⁱ Approved by the board June 9, 2005

ⁱⁱ Quorum for the board is three members, so two members is the maximum allowed on the subcommittee.

Meeting Date: March 2011
Title: State of the Salmon in Watersheds, 2010 Report
Prepared By: Jennifer Johnson, GSRO Implementation Coordinator
Approved by the Director:

Proposed Action: Briefing

Summary

As required by state law¹, the Governor's Salmon Recovery Office (GSRO) completed the *2010 State of Salmon in Watersheds* report in December 2010. As of this writing, the final edits are being incorporated from the review by the Office of Financial Management. The document is expected to be delivered to the printer before the end of January. It will also be available on the RCO website at www.rco.wa.gov/doc_pages/other_pubs.shtml#gsro.

Salmon Recovery Funding Board (board) members should receive a copy of the report by mail. This memo presents information about the report and plans for the 2012 report; staff will discuss this information at the March board meeting.

Background

GSRO staff, along with RCO's communications manager and Puget Sound Partnership graphic support, led the production of the report. Key contributors included the Washington Department of Ecology, Washington Department of Fish and Wildlife, Washington Conservation Commission, and the RCO.

As directed by the Legislature², the *2010 State of Salmon in Watersheds* ("2010 report") consolidates several reports into a single biennial report on the statewide status of salmon recovery and watershed health. Like previous reports, the 2010 report contains indicators of adult and juvenile fish abundance, watershed health, and implementation. New elements include:

- An executive summary;
- Sections on overarching threats to salmon recovery and key information gaps;

¹ Revised Code of Washington (RCW) 77.85.020

² SHB 2157, Section 4, 2009 Legislative Session

- A section showing “at-a-glance” trends in abundance of listed species across the state;
- Trends in funding – statewide and by region – separated into projects, administration, and monitoring categories;
- A consolidation of information from the Salmon Recovery Funding Board, the Monitoring Forum, and watershed planning efforts;
- An improved structure for statewide and regional-scale information, based on the integrated monitoring framework and high-level indicators adopted by the Monitoring Forum; and
- High-level summaries on the status of watershed planning, as required by statute.

Observations and Discussion

Availability of Data

The 2010 report reveals some key gaps in information that are directly related to the high-level indicators adopted by the Monitoring Forum. The indicators are divided into three categories: salmon indicators; watershed health indicators; and implementation indicators.³

- Within the **salmon indicators**, the data coverage is relatively good. However, a few Major Population Groups (MPGs) are missing adult or juvenile data, and estimates of wild spawner or harvest abundance by ESU/DPS/MPG were not always available.
- Available **watershed health indicator** information was relatively minimal. Some data was available about water, but there was very little for habitat. Land use and land cover information was available, but was limited to Western Washington, and was missing information about context.
- The quality and coverage for **implementation indicators** varied. Passage barriers, stream flows, funding, and hatchery information were mostly limited to Washington State agencies’ data. Habitat project data remains the most extensive and inclusive. Information on recovery plan implementation progress is subjective and limited to habitat actions and limiting factors.

Our hope is that the identification and communication of these gaps will inform and guide the future of salmon recovery efforts and reports.

³ A common statewide framework of indicators for nearshore and estuarine areas is not yet developed.

Format

The GSRO intended to produce a summarized 2010 report in hard copy with supporting online data. However, this approach was not feasible because the final Forum indicators were approved later than expected.

The underpinning of such a summary report still requires a major time investment for up-front data compilation, analysis, summarization, and interpretation. Providing new automated data inputs before we begin collecting data in spring/summer of 2012 will require significant coordination and effort from all partners.

Recommendations for 2012

Based on our experience with this first consolidated report, GSRO staff has developed the following recommendations for the 2012 report. We anticipate that additional suggestions will be provided by those who use the report.

Focus

- Continue to emphasize complete and easily accessed information on fish abundance. That information is of great interest to decision-makers and salmon recovery stakeholders.
- Keep the statewide emphasis, consistent with the statute, but also explore the need and opportunity for regional reporting capability. Regional reports could result in better alignment and consistency of information, and a more accurate and complete regional representation.
- Per statute (77.85.250), the 2012 report will include compliance information regarding use of protocols by state agencies adopted by the Forum in 2010.

Delivery

- Explore the feasibility of automating data flows to support an online source of data to supplement a shorter, summary report in 2012.
- Prioritize and capture information from a broader range of sources to fill identified data gaps (e.g., tribal juvenile fish data, water quality data, water temperature data, habitat data, and funding data). Any additional data must be able to roll-up to the regional scale and be consistent with statewide information.
- Coordinate with other partners that are developing and using high-level indicators and protocols for fish, watershed health, and plan implementation. These partners include Puget Sound Partnership, Northwest Power and Conservation Council, Pacific Northwest Aquatic Monitoring Partnership, Heinz Center, Pacific Northwest Salmon Recovery Fund, Environmental Protections Agency, and others.

Meeting Date: March 2011
Title: State and Regional Salmon Recovery Funding Strategy
Prepared By: Phil Miller, Executive Coordinator
Approved by the Director:

Proposed Action: Briefing

Summary

The Governor's Salmon Recovery Office (GSRO) and regional salmon recovery organizations have been working with a consultant to estimate salmon recovery plan costs, current funding, and funding gaps. This memo summarizes draft findings and potential actions that could improve salmon funding. Finally, next steps are outlined for completing the contracted part of this work in March 2011 and for potential follow-up work.

Background

The Salmon Recovery Funding Board (board) and others have long discussed the need for an assessment of salmon recovery funding, including long-term needs and availability.

In response, GSRO contracted Evergreen Funding Consultants to work with GSRO and the regional salmon recovery organizations to estimate salmon recovery plan costs, current funding, and funding gaps. In addition, we identified options for improving the availability and reliability of funding for the statewide salmon recovery effort.

Work to date includes compiling salmon recovery costs and identifying existing recovery funding sources. We also have held discussions with regional and state agency salmon recovery leaders on funding gaps that may be hindering the implementation of regional salmon recovery plans and strategies.

The consultant provided the following preliminary findings in November 2010.

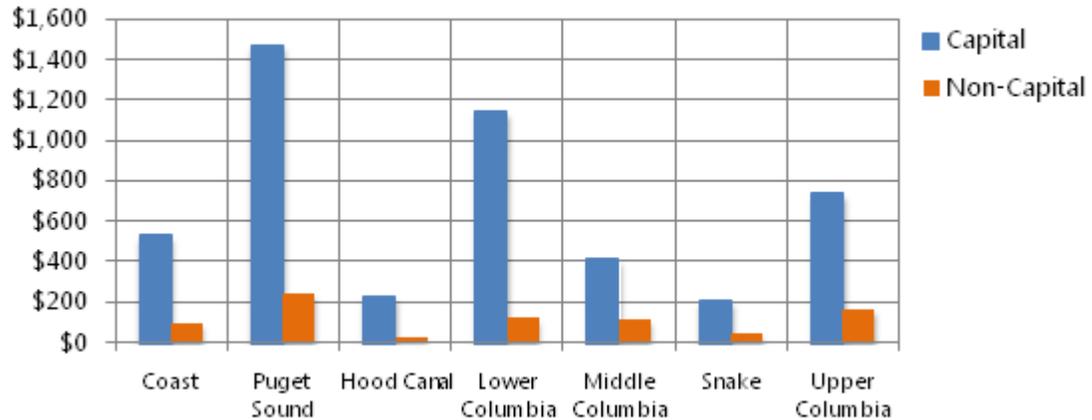
Preliminary Findings

The following are estimates of costs and funding for the habitat elements of recovery plans, based on available information. Assessments of costs and funding for hatchery and harvest elements of recovery plans have not been included.

Total Cost

The total capital costs to complete the habitat elements of recovery plans among all regions over the next 10 years (approximately) are estimated at \$4.7 billion. Total non-capital costs among the regions are estimated at \$800 million.¹

Fig 1: Total Costs by Region (millions)



Availability of Funding

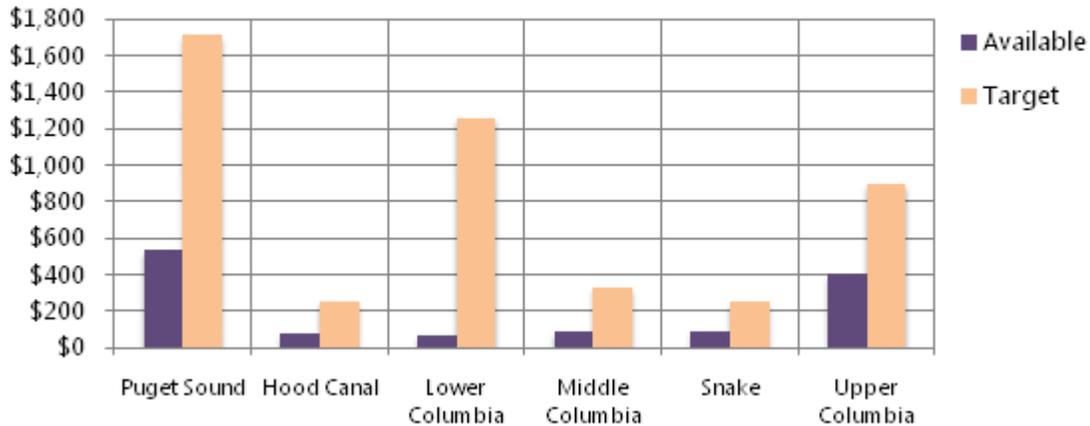
Regional staff estimated the available funding for implementation of the recovery plan in the next ten years based on the assumption of continued funding sources and levels from the last three years

The following figure² compares the projected availability of funding versus the funding target (i.e., the total 10-year cost of plan implementation). On a percentage basis, the available funding ranges from 4.2 percent of the target in the Lower Columbia region to 44.5 percent in the Upper Columbia region. Most regions predict that current sources, if maintained, would meet 25 to 35 percent of their total funding needs. The statewide average is 28 percent.

¹ Costs were compiled from a combination of (a) information on costs from recovery plans when available and (b) application of cost factors to derive estimates where estimates were not available (e.g. density of forest roads to derive a road decommissioning cost estimate).

² Information for the WA Coast is omitted because the region's salmon plan is in development and, although costs for the Lake Ozette Sockeye Recovery Plan within the WA Coast Region have been estimated, the analysis of regional fund sources and gaps was judged to be too preliminary to report.

Fig 2: Funding Available vs. Target

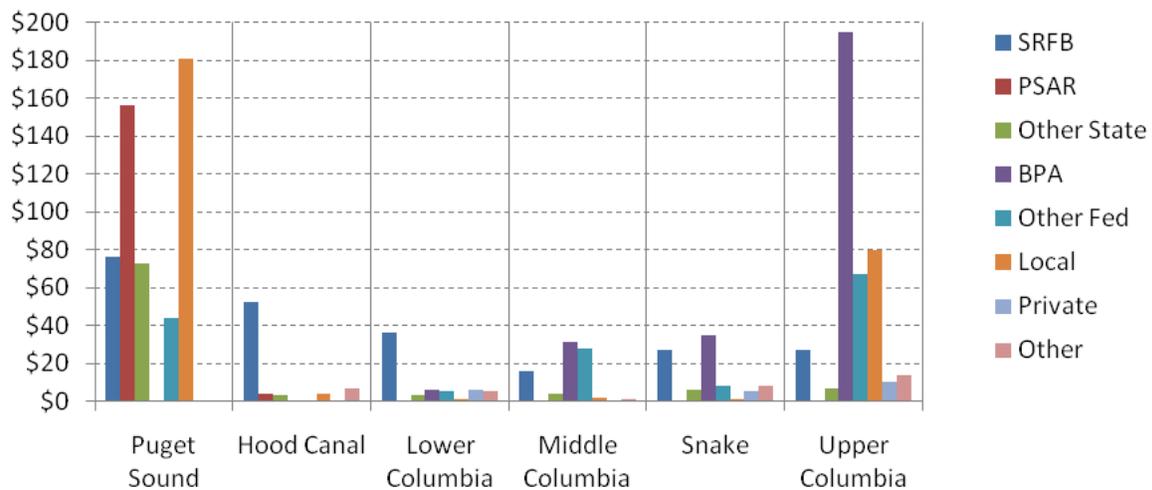


Sources of Funding

Regional staff also identified the sources that have provided funding for implementation of the recovery plan for the last three years.

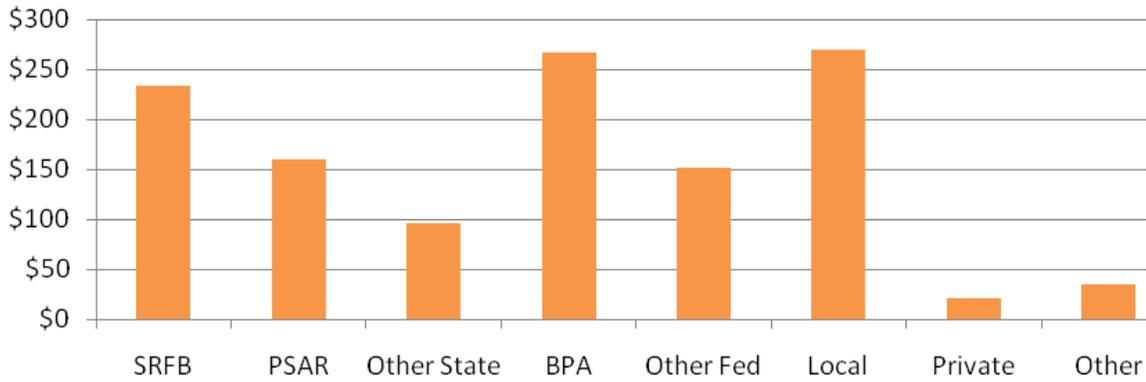
The following figure projects the amount of funding by source for the next ten years if the status quo is maintained. The strong role anticipated for BPA funding in the Columbia River regions, as well as the reliance on state sources in western Washington, is noteworthy.

Fig 3: Projected Funding by Source Over Next Ten Years



The following figure illustrates the assumptions about total funding levels by source for the ten-year period. For instance, this scenario assumes that funding from the Salmon Recovery Funding Board will be available at a rate of \$23 million per year (state and federal funds) and BPA funding at \$26 million per year for the coming ten-year period.

Fig 4: Projected Funding by Source, All Regions, Next Ten Years



Funding Gaps

The consultant calculated gaps in funding by subtracting projected funding levels from total funding needs by category (e.g., habitat restoration, acquisition, etc.). The following charts show gaps in capital and non-capital funding by region and category.

The following figures illustrate the total all-regions, statewide gap by category for capital and non-capital needs.

Fig 5: Gaps in Capital Needs

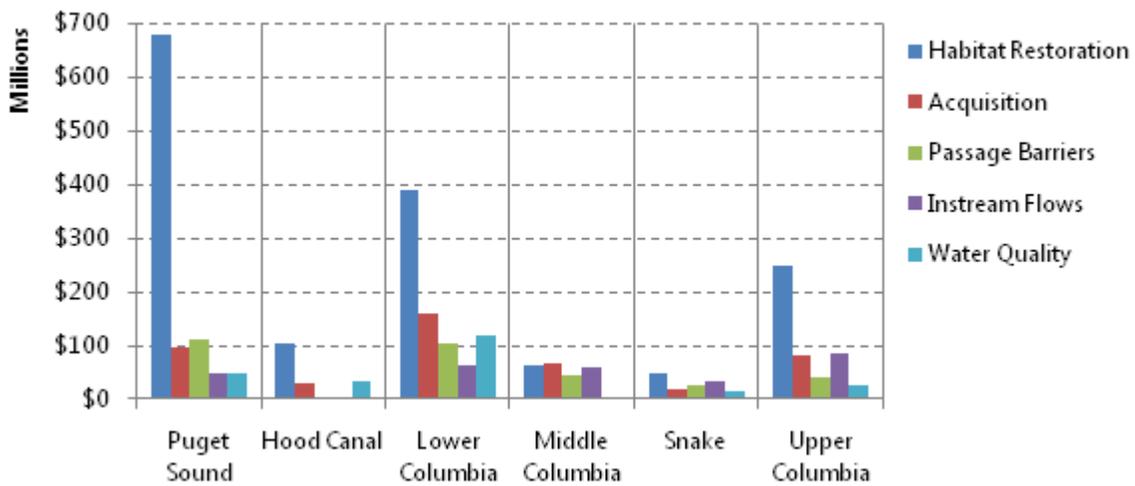


Fig 6: Gaps in Non-Capital Needs

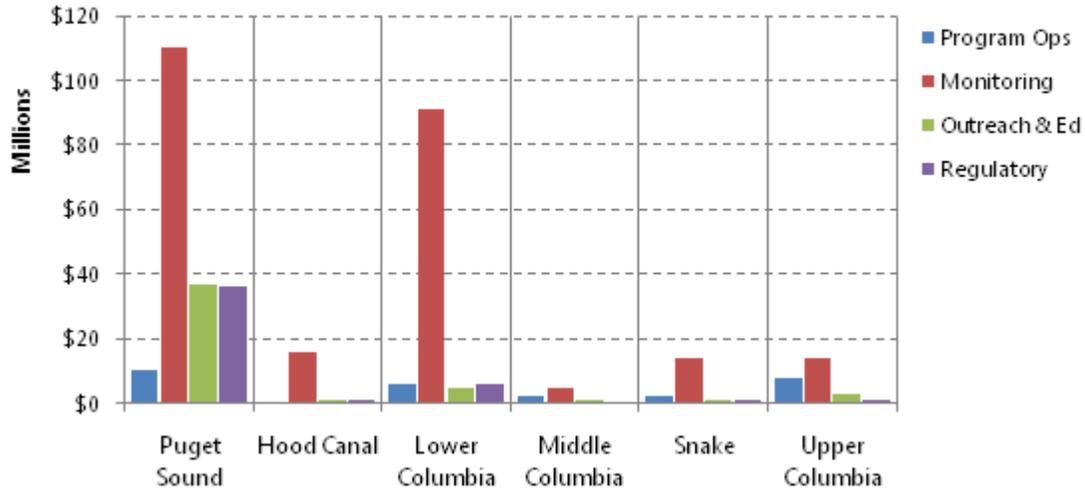


Fig 7: Gaps in Capital

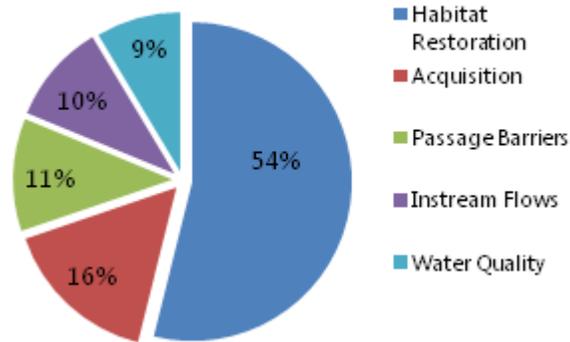
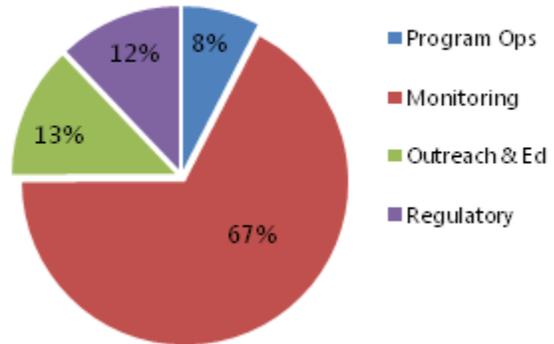


Fig 8: Gaps in Non-Capital



Priority Gaps

Regional leaders and staff identified which funding gaps are particularly important to address so that recovery plan implementation stays on track.

- Monitoring was mentioned in almost all cases, with an emphasis on using existing monitoring efforts more strategically to evaluate progress on salmon recovery.
- The second most frequently cited gap was in staffing (including state and federal agency staff) to develop, design, permit, and implement projects.
- Other priority gaps included funding for on-going maintenance of restored sites, passage barriers, predator control, and floodplain restoration.

Analysis

The consultant, working with GSRO, reached the following broad conclusions, based on the draft findings and discussions with regional recovery organizations and others.

- The cost to implement salmon recovery plans over the next ten years is substantial
- A wide range of funding sources are being tapped, but substantial funding gaps remain
- Currently appropriated funding is vulnerable
- Some regions (e.g., Washington Coast and the Lower Columbia) are in particularly difficult funding circumstances
- Regional leaders remain strongly committed to the recovery effort and morale remains high

Potential Actions

Although the final report is not yet completed, GSRO and its project partners have identified the following as potentially important actions for the GSRO and regional organizations to take to address funding needs over the next ten years.

Protect Current State and Federal Funding Sources

All regions are dependent on appropriated state and federal funding for capital and non-capital needs. Regional leaders generally realize the vulnerability of this situation and strongly support maintaining current state and federal funding sources and levels. Their efforts to maintain funding levels could include:

- Preparing talking points and testimony
- Coordinating with current or potential supporting allies
- Organizing and supporting informational contacts between regional leaders, Legislature, Congress, and lead state and federal agencies
- Tracking budget decision processes and providing information as needed
- Diversifying the message and the mission of salmon recovery in relation to broader ecological and social values (e.g., water quality and watershed health, job creation).

Increase Funding to Fill Crucial Gaps

The consultant has identified three key actions to increase funding.

- **Begin work on sustained, dedicated capital funding sources.** It is clear there is a major capital shortfall for salmon recovery. The gaps for major capital needs like habitat restoration and removal of passage barriers, in every region, demonstrate a need for a significant new or augmented source of funding. This is a major challenge in the current economic climate. It

would be sensible to begin the effort of financial analyses and coalition-building needed to get approval of any major salmon funding sources.

- **Target or increase funding for basic project preparation.** Many regions reported shortfalls in agency staffing to support and review design work. Tasks include planning, developing partnerships, technical design, permitting, coordinating funding, and landowner outreach. It appears this need will have to be addressed through efficiencies in these tasks, higher priority for these tasks using current funding, or with additional funding for the operating capacity of key salmon recovery partners responsible for these tasks, such as state or federal agencies, tribal and local governments, and project sponsor organizations.
- **Support low-cost, high-value innovations.** There are some innovations in funding that could be pursued even in a down economy. For example, regional leaders suggested modifications to local options for the Conservation Futures Tax authority. There is considerable interest in further developing -- through pilot projects or broader initiatives -- the use of required mitigation funding and ecosystem service markets as tools to fund implementation of actions included in salmon recovery plans

Increase the effectiveness of current salmon funding

- **Examine monitoring costs and funding.** The high costs, large gaps, and high priority placed on this work during regional discussions all argue for more attention to monitoring efforts. Many regional leaders stressed that the issue is not only how much is invested on monitoring but also the result of the investment. More specifically, they want an assessment of how monitoring investments could result in better information to determine whether the regional plans are making progress.

Next Steps

A draft report for this project from the consultant will be circulated for comments in mid-February within RCO, the regional organizations, and other regional and state leaders involved in the discussions of initial findings. A final project report will be completed by late March 2011.

The final report will identify several potential follow-up actions to address funding issues highlighted in the report. Project partners -- including GSRO and the regions -- already are discussing their potential roles and responsibilities. Their conclusions could be included as tasks and products in the scope of work for their 2011-13 operating grant agreements. GSRO anticipates that maintaining and enhancing the diversity and reliability of funding for salmon recovery will be a key point of emphasis for the regional grant agreements.

Meeting Date: March 2011
Title: Preliminary Discussion Regarding Funding and Scopes of Work for Regional Organizations and Lead Entities in 2011-13 Biennium
Prepared By: Phil Miller, Executive Coordinator
Approved by the Director:

Proposed Action: Briefing

Summary

The Governor's Salmon Recovery Office (GSRO) is working with the regional salmon recovery organizations and lead entities to develop the framework for their operating grant agreements for the 2011-2013 biennium. The grants, which are funded by the Salmon Recovery Funding Board (board), are a primary source of operating funds for the salmon recovery activities of regional organizations and lead entities. The board will be asked to approve the grants at the May meeting.

This memo provides a framework of fiscal and scope of work information, which staff will present to the board in March. At that time, we will ask for board guidance as we prepare recommendations for the grant awards the SRFB will consider at its May meeting.

Background

The capacity of the regional organizations and lead entities to lead and coordinate a wide range of salmon recovery activities is a key feature of the "Washington Way", the grass-roots, locally-directed approach envisioned by the Statewide Strategy to Recover Salmon (1999).

The board provides two-year operating grants to regional recovery organizations (regions) and lead entities to support their capacity for salmon recovery activities. These grants typically are awarded at the board meeting following the legislative session in which the state's biennial budget is approved.

GSRO, the regional recovery organizations, and lead entities are working on a framework for operating grant awards for 2011-2013. This framework includes information about both fiscal matters and highlights of the scope of work. The fiscal information sets the stage for the board to determine the allocation and total amount of awards. The highlights of the scope of work outline key activities and work products that would be supported by the awards.

Fiscal Framework

The operating grant awards in 2009-2011 consisted of base awards for regions and lead entities, as well as additional funds for the regions' work related to recovery plans.

- The total funding for base awards was \$8,863,370.
 - The seven regional organizations received a total base award of \$5,737,370.
 - The 27 lead entities received a total base award of \$3,126,000.
- An additional \$550,000 was awarded to some regions to meet special needs related to recovery plan development or revision. These additional plan-related awards came from regional grant funds from 2007-2009 that were unspent and would have otherwise been returned to the salmon recovery account to be allocated by the board for other uses.

The following table shows details of 2009-2011 operating grant awards for each regional organization area, as well as the two lead entities that are outside of the regions.

Regional Organization	Region Base Award	Region Plan Extra	Region Total	% Region Total	Lead Entity Base Awards²	Region and Lead Entity Total	% Grand Total
Lower Columbia	\$813,700	\$50,000	<i>\$863,700</i>	14%	<i>\$160,000</i>	\$1,023,700	11%
Snake River	\$667,176	\$80,000	<i>\$747,176</i>	12%	<i>\$130,000</i>	\$877,176	9%
Yakima Basin/ Mid-Columbia	\$570,000	\$70,000	<i>\$640,000</i>	10%	<i>\$130,000</i>	\$770,000	8%
Upper Columbia	\$870,000		<i>\$870,000</i>	14%	<i>\$328,000</i>	\$1,198,000	13%
Hood Canal	\$750,000		<i>\$750,000</i>	12%	<i>\$160,000</i>	\$910,000	10%
Puget Sound	\$1,578,324	\$250,000	<i>\$1,828,324</i>	29%	<i>\$1,638,000</i>	\$3,466,324	37%
Washington Coast	\$488,170	\$100,000	<i>\$588,170</i>	9%	<i>\$370,000</i>	\$958,170	10%
Klickitat Lead Entity ¹					<i>\$110,000</i>	\$110,000	1%
Kalispel Lead Entity ¹					<i>\$100,000</i>	\$100,000	1%
Total	\$5,737,370	\$550,000	<i>\$6,287,370</i>	100%	<i>\$3,126,000</i>	\$9,203,370	100%

Table Notes:

1 The Klickitat and Kalispel lead entities are outside of regional organization areas.

2 Excludes \$30,000 in additional awards as follows: 1) \$9,000 for LEAG Chair (i.e. \$4,500 added to award for HCCC in FY 2010 and \$4,500 to award for San Juan LE in FY 2011); 2) \$10,000 one-time addition to North Pacific Coast Lead Entity award; and 3) \$11,000 one-time addition to Washington Coast Sustainable Salmon Partnership award for purpose of continuing facilitation of Lake Ozette Sockeye Recovery Plan Implementation Steering Committee.

Funding Sources

The federal Pacific Coastal Salmon Recovery Fund (PCSRF) funded all 2009-2011 grant awards to regional organizations. Awards to lead entities for 2009-2011 came from PCSRF (\$1,947,000) and from state general fund appropriations (\$1,179,000). The total amounts for lead entity grants are current and reflect the cuts in state general funds during this biennium that have been offset by corresponding increases in use of federal PCSRF funds.

GSRO found that funding from PCSRF for regional and lead entity organizations represents about 18.7 percent of the annual average PCSRF funding to Washington over the last twelve years. This investment in capacity is directly related to the work of these organizations in guiding and coordinating an estimated annual statewide average of over \$117 million for salmon habitat projects and salmon recovery monitoring.

Future Funding

GSRO's preliminary discussions with regional organizations and lead entities focused on maintaining stable funding for their organizational capacity as long as state and federal budget decisions can support it.

Before the March meeting, regions will send to GSRO the following information about operating grants in their region for 2009-2011 and proposed grants 2011-2013. At the meeting, we will present it as an aid to the board discussion about 2011-2013 grant awards.

- Estimate of grant funds that will be unspent as of June 30, 2011.
- Estimate of any reduction in the base 2009-2011 award due to expected efficiencies, consolidation, or other changes that would not entail a significant loss in capacity and would reduce the base need for the 2011-2013 award.
- Amount and description of any base grant adjustments that may be proposed between the regional organization and the lead entity(s) in the regional organization's area.
- Estimated amount and brief description of any one-time "special need award" that may be proposed over and above the proposed base grant award.

Scope of Work Framework

Regional Organization Operating Grants

GSRO is proposing an approach that balances the needs for statewide consistency and tailored work plans. First, we propose four general themes, as shown below, for special emphasis in the Scope of Work for 2011-2013 regional organization grant agreements. Within these, we will develop specific tasks, deliverable work products, and due dates for each region that fit the characteristics of the region's recovery plan. We also will consider past progress and current circumstances for implementing the recovery plan. Part of the tailoring also involves relating the lead entity work within the region to the activities of the regional organization. This may

entail regional funding support to lead entities for watershed scale contributions to high priority regional work as well as continued integration of regional organization and lead entity work.

These are the general themes/point of emphasis being discussed for inclusion in the scope of work:

- 1. Complete/Revise Recovery Plans.** As applicable, complete work with the National Marine Fisheries Service (NMFS) on the bi-state Lower Columbia and tri-state Snake River recovery plans; work to complete the Puget Sound Steelhead Recovery Plan for NMFS adoption; and finalize the Washington Coast regional salmon plan after public review of the draft plan.
- 2. Coordinate Recovery Plan Implementation and Reporting.** Continue work to coordinate actions and projects included in recovery plans. This coordination involves many recovery partners including: GSRO, other state and federal agencies, tribal and local governments and others. Increased emphasis will be placed on developing and improving each region's capacity to systematically track progress of implementing projects and other actions called for in recovery plans. This capacity is intended to support reporting progress and evaluating progress as part of each region's adaptive management process. In regions with separate lead entities, it will be important to support the lead entities' capacity to assist the regional organization by providing watershed-scale information. This can be done through use of tracking tools such as the Habitat Work Schedule (HWS) data management system. This area of emphasis also includes work to provide regional information to future State of Salmon in Watershed Reports and any corresponding regional reporting of recovery progress.
- 3. Coordinate Monitoring and Adaptive Management.** Identify available status and trends monitoring data for fish and habitat and effectiveness monitoring data for projects and from Intensively Monitored Watersheds. Use this monitoring data, along with implementation data, to evaluate and document progress toward recovery plan goals and to inform adaptive management decision-making processes. Also, identify and prioritize monitoring data gaps and potential efficiencies in use of existing funding or new funding that is available to address the higher priority information gaps.
- 4. Coordinate Funding Strategies for Recovery Plan Implementation.** Coordinate development of regional and statewide information and messages relevant to maintaining existing state, federal and other fund sources for salmon recovery. Develop options for new fund sources to enhance or diversify funding, such as mitigation funds or ecosystems services markets.

Two additional work activities will be included in each regional scope of work: 1) maintaining the organizational structure and administrative operations; and 2) outreach to recovery partners and the public. These activities will support and complement the four areas of special emphasis.

Priority Activities in Lead Entity Scope of Work

There are four principal and common priorities currently in the lead entities' scope of work for their 2009-2011 base grant awards. These priorities are:

1. **Strategies.** Revise lead entity strategies as needed to be consistent with applicable recovery plans.
2. **Sponsor Outreach.** Conduct outreach to project sponsors developing habitat project proposals.
3. **Project Lists.** Develop project lists, including technical and citizen committee review and ranking, consistent with SRFB guidance and schedule.
4. **Project Information.** Provide basic project tracking and reporting information in PRISM and/or HWS or an equivalent data management system, consistent with statewide guidance.

We anticipate maintaining these priorities in the lead entity scope of work for the 2011-2013 grant agreements.

Analysis

The fiscal and scope of work framework outlined above is a work in progress. There will be further discussion of this framework within GSRO and RCO and with regional organizations and lead entities before the March board meeting. This will most likely result in additional refinement of these concepts and supporting information. The framework information and presentation is intended to facilitate the board's discussion and help the board provide guidance for preparing proposals for 2011-2013 operating grant awards for consideration in May 2011.

Next Steps

The next steps in developing the operating grant agreements for regions and lead entities for the 2011-13 biennium are as follows:

- March 2 – present proposed fiscal and scope of work framework; clarify board guidance
- May 6 – Draft grant award and scope of work proposals
- May 25 or 26 – Board decision on grant awards (contingent on congressional passage of PCSRF and legislative appropriation of SRFB funds)
- June 30 – Issue final grant agreements