

*SALMON RECOVERY FUNDING BOARD
MINUTES - REGULAR MEETING*

February 12, 2009

Natural Resources Building Room 172
Olympia, Washington

SALMON RECOVERY FUNDING BOARD MEMBERS PRESENT:

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

ITEM #1: MEETING CALLED TO ORDER

Chair Steve Tharinger opened the meeting at 9:05 a.m.

Chair Tharinger determined that the Salmon Recovery Funding Board (board) met quorum and called attention to the updates to the meeting agenda.

Review and Approval of February 2009 Meeting Agenda

February 2009 meeting agenda as presented.

ITEM #2: REVIEW AND APPROVAL OF DECEMBER 2008 MEETING MINUTES

Bob Nichols moved to approve the December 2008 meeting minutes as presented. Bud Hover seconded.

The board **APPROVED** the December 11-12, 2008 minutes as presented.

ITEM #3: MANAGEMENT STATUS REPORT

Kaleen Cottingham, RCO Director, presented this agenda item.

Kaleen noted that the RCO had followed up on the Berk Report by consulting with Strategica to examine business practices. She introduced the RCO's newest staff member, Dominga Soliz, who replaced Heath Packard in the Policy Section.

Kaleen discussed changes to the RCO budget that the Governor's Office proposed in its capital and operating budgets for 2009-11 fiscal year. In particular, she noted that if the lead entity program moves from the Department of Fish and Wildlife to the RCO, there would be a savings to offset the \$140,000 cut in the Governor's budget, based on WDFW's administrative charge of 8 percent compared to RCO's 3 percent.

Bud Hover asked if the cut covers the savings in the program administration from the agency change. Kaleen responded that the administrative changes are included in the budget. Harry Barber asked if

there would be a staff reduction at WDFW if RCO administers the program, and Jim Fox responded yes.

Kaleen noted that the draft PCSRF grant application was submitted on February 2. She reviewed the funding chart shown in memo #3e, and explained that the total request is \$25 million, with \$17.5 million dedicated to salmon habitat. Of that, \$2.5 million is for monitoring and \$15 million is for grants and activities. The application is now pending. Since Congress has not passed the funding bill it is uncertain what the total amount of grant funds will be. The National Oceanic and Atmospheric Administration (NOAA) asked the RCO to assume a federal appropriation of \$67 million. The Governor's budget assumes \$25 million for each of the next two fiscal years.

Kaleen noted that we do not know how the federal stimulus funds will be distributed. NOAA's budget included \$230 million from the stimulus package for possible habitat restoration. She has encouraged them to use the current grant processes. Since the package calls for "rapid deployment" of project implementation, RCO developed a list of shovel ready projects for the Salmon Recovery Funding Board, the Family Forest Fish Passage Program, Estuary and Salmon Restoration Program. Chair Tharinger asked if Army Corps of Engineers money is available. Bob Nichols noted that the language is broad enough that there might be an application there.

Kaleen noted that the amount of returned funds is increasing, and that staff is using them for cost overruns and technology updates required by NOAA. Chair Tharinger clarified that these funds are in excess of the dollars accounted for in the grant funding done in December 2008.

Legislative Updates

Kaleen discussed the Governor's bill that would move the Governor's Salmon Recovery Office into the RCO and consolidate the reports on salmon recovery and monitoring. RCO staff is working to identify possible savings. The bill also moves administration of the lead entity program from the WDFW to RCO and requires an assessment of coordination and incentive opportunities with lead entities, regions, and WRIA planning units. It asks the office of regulatory assistance to identify pilot projects outside Puget Sound to integrate salmon recovery and watershed planning, requires the Monitoring Forum to develop High Level Indicators and monitoring protocols, and asks the Dept. of Ecology to provide recommendations to the legislature regarding water quality and quantity grants that could be managed through SRFB.

Bob Nichols addressed the rationale and expectations. He noted that the Board discussed budget shortfalls at the July meeting; he does not expect the state budget to get any better. Natural Resources is less than two percent of the state general fund budget, but salmon recovery must be included in cuts. The idea is to use the cuts as an opportunity to find a more efficient and effective way to conduct business. The goal of the legislation is to consolidate salmon recovery operations under "one roof" to get efficiencies, consolidate reports, and encourage integration with local watersheds in Ecology with salmon recovery. Everyone wants to respect local level processes and use incentives to do this rather than forcing it. The reality is that everyone is taking cuts, and the climate doesn't allow us to do everything we want.

Melissa Gildersleeve noted that there are good examples of programs that have undertaken similar integration of watershed planning.

Bud Hover asked if the cuts would be from current funding levels or requested funding levels. Bob responded that it will be a real budget cut for projects and administration, the question is how far down the cuts will go. Bob explained the goal should be to limit the damage. Bud noted that regional organizations have just started "ramping up" on the investment in their structure, so a budget cut would have a serious effect on the forward momentum.

Chair Tharinger pointed out that the state has an \$8 billion deficit. The Board's challenge is to sustain the local infrastructure, but doing so in the most efficient way. Bud noted that since the current funding is not sufficient, a cut is really moving backward.

David Troutt noted that the board should not burden the salmon recovery process with elements that are not moving forward as quickly or that take many resources to coordinate. He noted 2514 as an example, and stated tying salmon recovery to it and/or asking the lead entity coordinators to get involved could be challenging. Chair Tharinger concurred, but noted that instream processes are linked to salmon recovery and that the budget would drive thought about how to integrate. Bob also agreed, and noted that the language encourages, but does not force, integration.

Jim Fox mentioned that a few bills were introduced that would eliminate many Boards and Commissions, including the SRFB. The Governor's bill keeps the board intact. He also mentioned HB 1063, which removes the July 2010 sunset date for the Lower Columbia Fish Recovery Board. Senate Bill 5968 is intended to protect agricultural land, and would require that any projects funded by the SRFB on lands designated as agricultural with long-term commercial significance be approved by the local county legislative authority. There is a growing concern about conservation activities taking away land from agricultural production. Jim noted that the Board will be looking in the future at how land acquisitions for salmon recovery can work more symbiotically with working lands, and that it is a complex issue.

Harry asked if timber farms and tree farms are agricultural. Jim noted that it's a matter of zoning, so it depends on the county comprehensive plan.

The board discussed whether it should comment on the legislation. David Troutt noted that the proposed process seems adverse to landowners who have already committed to salmon recovery efforts. Chair Tharinger noted that in the Dungeness, it seems as though the issue has the potential to be mutually beneficial. Bud Hover said that in the Okanogan and Chelan County, one of the concerns is that although there is a willing landowner, once the land is taken out of production, you have prevented future generations from having a viable agricultural area to make a living. There needs to be a way to do both at the same time. David pointed out that there are two distinct issues: first, the technical merit of designing landscapes, and second, adding another checkpoint for local governments to approve projects.

Kaleen noted that the RCFB is grappling with related issues, including use of tax-exempt bonds. Chair Tharinger asked that staff keep the board informed of the discussions. Carol Smith added that another concern is that often land acquisitions are purchased and taken out of production for restoration, but are not maintained.

Public Comment:

JUDY FILLIPS, WASHINGTON RIVERS COUNCIL: Judy is concerned about river safety. She provided a letter with questions and concerns and a chart that shows the amount of force on a person when they are caught against large woody materials.

Chair Tharinger thanked Judy for her letter and noted that staff would respond. He commented that the goal of using large wood in projects is to replicate natural systems in the rivers, and the science is of fair value to salmon recovery and restoring natural processes to the habitat. Judy asked if the large woody materials issue would be on the project conference agenda. Brian Abbott noted there is a session at the conference that addresses large wood and in-stream work.

ITEM #4: GRANT APPROVAL, PROJECT #08-1954, ALDER CREEK SIDE CHANNEL PILOT PROJECT

Brian Abbott, RCO Salmon Section Manager presented this agenda item.

On December 11, 2008, the board approved 103 salmon recovery projects totaling \$19.8 million. The Alder Creek Side Channel (#08-1954) needed further review, including a site visit and evaluation of additional options. Staff and the review panel completed this work, and recommended that the board fund the project, pending the sponsor's acceptance of the review panel's condition as described in Attachment A to the board memo.

Bob Nichols moved to approve the funding for project #08-1954, Alder Creek Side Channel Pilot Project, subject to the sponsor's acceptance of the review panel's condition, and authorize the director to execute an agreement to facilitate prompt project implementation. Bud Hover seconded.

Motion was APPROVED.

ITEM #5: PROJECT MANAGEMENT REPORT

Projects Conference

Brian Abbott discussed the upcoming project conference at the Little Creek Conference Center. He summarized key agenda items and explained that registration is \$80. Board members and lead entity coordinators can attend free of charge. The planning committee includes representatives from the Puget Sound Partnership, Estuary and Salmon Restoration Program, and RCO staff. Harry Barber noted that the project conference has many knowledgeable speakers, including Dr. Ken Ashley, who is the Minister of Fisheries for British Columbia.

Project Review

RCO Grant Managers Tara Galuska, Jason Lundgren, and Mike Ramsey presented five board funded projects.

- Tara Galuska presented the Dungeness River Railroad Bridge Restoration (04-1589) in Sequim. There are nine anadromous runs of salmon in the river. It is one of the most important habitat reaches in the lower Dungeness River. The Jamestown S'Klallam Tribe will monitor the project.

Bud Hover asked about baseline data on the Dungeness River. Tara responded that there is some data, and referred the question to Chair Tharinger. Chair Tharinger noted that the Jamestown S'Klallam tribe has monitored river for the last 20 years, so they will be able to tell if they are getting more spawners and abundance in the next four or five years.

Bud Hover asked if the monitoring results and method are shared with other areas so that, as data is collected, other sponsors in the watershed can use this project's successes to guide future efforts. Tara noted that the tribe typically monitors the watershed and shares the data.

- Jason Lundgren presented the Lower Newaukum Restoration (04-1338), a tributary of the Green River near Auburn.
- Mike Ramsey presented three estuarine projects on the Olympic Peninsula: Little Quilcene, Quilcene Estuarine Wetlands Restoration - Schinke (06-2225), Salmon Estuary Wood Waste Project (07-1632) near Port Townsend. Bob Nichols asked who deposited the wood waste. Mike responded that the sawdust was from a mill that existed in the 1800s and was no longer in existence.

ITEM #6: LEAD ENTITY ADVISORY GROUP REPORT

Richard Brocksmith, LEAG Chair, presented this agenda item.

Richard announced that Lead Entity Day is scheduled for March 10, 2009, at the capitol.

Richard gave an overview of his briefing paper and noted that he would spend his time explaining the functions of lead entities. Richard explained the core roles and purpose of lead entities in the board's salmon recovery process. He stated that decreasing lead entity funding would require local governments and tribes to shoulder the costs of funding the structure of salmon recovery. He explained that lead entities are well coordinated with regional recovery organizations at the regional scale, where lead entities focus on projects while regions focus on "added value" elements.

Chair Tharinger asked the board to highlight any points that they want to "tee-up" for discussion tomorrow.

Harry Barber asked Richard to describe how he would design the salmon recovery structure, if he could start with a blank slate. Harry also asked about metrics and best practices among lead entities and regions.

Carol asked Richard to prioritize core functions and look at overlap among regions and lead entities.

Bud asked for clarification of lead entity and regional functions to make sure that the respective organizations are doing the work best suited to them. Richard responded that role clarification would need to take place at a regional level, rather than the state level.

Chair Tharinger noted that the board would set parameters on the issue, and ask lead entities and regions to discuss delegating tasks so that the board could make a decision at its May meeting.

Bob Nichols complimented the briefing paper and asked Richard whether all lead entities are equal, and if there are criteria for prioritizing them. As examples, he asked if lead entities that have not produced projects should receive administrative support, or if those with endangered species should be differentiated. Bob also would like to see a budget snapshot for each lead entity, but does not expect it for tomorrow. Bob asked about the lead entities' implementation monitoring. Richard responded that implementation monitoring is shared with RCO grant managers, who have the fiscal responsibility. Lead entities monitor the completion of goals and objectives to update the habitat work schedule and learn from the experience, but each does it differently.

Chair Tharinger asked the board to consider what it needs to make decisions about the process, then decide how tasks will be assigned to the different parties.

Jim Fox reminded the board about the survey that asked about the role of the lead entities, including the resources that went into core functions. The survey found that results varied widely across the lead entities and the state.

David asked Richard how stressed the current system is, and at what point the lead entity program becomes ineffective. Chair Tharinger asked Richard about "rightsizing" organizations and asked him if he was asking "who gets the money". Richard responded that he does not see rightsizing about money as much as about function.

Richard noted that he is concerned about the way the RCO memo captured the roles of lead entities, and suggested having a COR and LEAG representative included in the conversation about strategic planning.

ITEM #7: GOVERNOR'S SALMON RECOVERY OFFICE (GSRO) REPORT, STATE OF THE SALMON REPORT, AND SRFB ANNUAL REPORT

Chris Drivdahl, Director, Governor's Salmon Recovery Office and Susan Zemek, Communication Manager, Recreation and Conservation Office

Susan Zemek presented the Salmon Recovery Funding Board Annual Report: *Investing in Salmon Recovery*. Susan explained that half of the board-funded projects have been completed. She encouraged the board to review the report and provide feedback for future improvements.

Bob Nichols asked how appropriators in Washington D.C. would respond to the two separate reports on salmon recovery. Kaleen explained that the intention is for the reports to go as companions. Bob noted one report would be more straightforward for appropriators.

Chris Drivdahl gave a brief overview of the *State of the Salmon Report*, highlighting contributors and updated dials. The "hydroelectricity" dial now includes fish passage. The 2008 report also added a "recovery plan implementation" dial and viable salmonid population (VSP) goals to help recovery plans take action and record progress. The board asked, and Chris answered, several clarifying questions about data collection, assumptions, and presentation during her overview.

Harry Barber said it was important for the board to discuss increasing escapement goals to achieve recovery. He is concerned that increasing harvest will negatively affect recovery.

David Troutt asked Chris to define "watershed clean-up plan," as referenced on page 35. Chris explained that is something done to address the state's list of degraded waters. She acknowledged that it is a poor measure because it does not look at water as a whole. The monitoring forum is working to improve that dial. Dave commented that he does not see how that "dial" fits into state of the salmon because the list may not be affecting fish.

Melissa Gildersleeve explained that the data may indicate that the temperature measures may not be met. She also noted that the metrics are small, and are not by reach. Ecology is improving the measure to make it more hydrological based.

Chris noted that the report must include a water quality dial to show if water is cool and clean enough for salmon, and this is the only available measure.

Chris noted that access to improved and consistent data was a struggle for this year's report. Chair Tharinger asked Chris which reporting level most effectively obtains the necessary data. Chris responded that many levels are reporting overlapping and inconsistent data, so she had to gather it from several places.

Bud agreed that encouraging the entities to work together to share data would not only improve the report, but would improve project coordination and implementation. Carol suggested standard procedures and protocols would help, but for some entities the data is not recorded. Bud noted that recording data is just as important as standardizing the recorded data. Bob praised Chris for the progress of the State of the Salmon since the first report in 2000.

ITEM #12: MONITORING OVERVIEW

Ken Dzinbal, Forum on Monitoring Executive Coordinator, presented this item.

Ken provided an overview of the Board's current monitoring programs: Intensively Monitored Watersheds (IMWs), implementation, project effectiveness, smolt monitoring, and estuary protocols. He explained the purposes of each of the different types of monitoring that the board is funding.

Bob Nichols asked about the difference between implementation and effectiveness monitoring. Ken and Kaleen clarified that implementation monitoring is part of grant management to ensure that projects meet contractual requirements, whereas effectiveness is how well the project is functioning to serve fish. Kaleen noted that the reporting on implementation monitoring is done through PRISM.

Ken also noted that effectiveness monitoring takes three to twelve years because of the lag between the completion of work and when the effect can be measured. The same applies to IMWs. He made the point that funding commitments are long-term. Status monitoring give instant information, but trend information takes years.

Ken explained that the Forum's workgroup is evaluating the board's monitoring approaches, including funding, gaps in the monitoring, amounts allocated, timing, and what has been learned. The Forum will provide recommendations to the SRFB to shape the discussion of the overall monitoring strategy and direction for new or amended monitoring contracts within the next year.

Kaleen reminded the board that the Pacific Coast Salmon Recovery Fund grant requires that 10 percent of the funds to be dedicated to monitoring. Bob asked if there is direction about the kinds of monitoring. Kaleen replied that the grant specifies effectiveness, status and trends, and implementation monitoring.

Carol asked about Ken's effectiveness monitoring chart that showed some statistically valid differences, and whether it makes sense to continue monitoring those programs if there are already results. Ken responded that it is a good question, and that there is a point where we need to ask new questions. Bud noted that people tend to look at things in short timeframes, and monitoring for ten years may not be enough. Over time, the same actions may not have the same results. Monitoring has to go on long enough to address other consequences. Ken agreed, and noted that it may be a matter of moving some things from project effectiveness to status and trends.

Harry Barber asked when implementation monitoring takes place. Brian Abbott responded that implementation monitoring happens as soon as the project is finished. The contract requires that it be done before the RCO releases the final ten percent of funds. Harry expressed concern about that timeframe, stating that projects need review later to see if they are there and doing the job. Ken clarified that Harry was describing effectiveness monitoring. Bob asked how information about what works and what does not is shared. Ken responded that local sponsors monitor their projects, and that we need to give them data management tools so that we can incorporate their efforts in overall monitoring.

David noted that many projects are not intended to last forever because the goal is to restore natural ecological functions. Bob agreed, and noted that it should be part of the project objectives.

Public Comment:

JEFF BRECKEL, LOWER COLUMBIA FISH RECOVERY BOARD: Jeff noted that regional organizations and lead entities need effectiveness monitoring for their projects. He said that sponsors would like to know what was the mechanism of failure for an element of a project. Mechanism of failure helps the sponsor or lead entity to learn the best practices for future projects. Ken responded that standardizing

monitoring methods statewide improves results. Carol Smith mentioned that current monitoring practices look at types of monitoring instead of different methodologies.

ITEM #10: 2009 GRANT ROUND TIMELINE

Brian Abbott, Section Manager, Recreation and Conservation Office, and Steve Leider, Governor's Salmon Recovery Office and Salmon Recovery Funding Board Review Panel presented this agenda item.

Brian provided a brief presentation on preparations for the 2009 grant round. Edits to Manual 18 will not be as extensive as the changes for the 2008 grant round. There are a couple date changes to the timeline to give RCO staff more time to process grant applications. Chair Tharinger asked if the mention of a biennial grant cycle in tomorrow's strategic planning document affected the 2009 grant round. Brian replied that staff would look to the board for guidance on the biennial cycle and on recommendations for regional sharing, coordination of funding sources, rolling design cycles, and leaving funds in the regions. He also noted that the allocations stay the same for 2009.

Steve Leider reviewed the Review Panel's recommendations from the 2008 grant round.

- The Review Panel recommended policy clarification and guidance about acquisitions that involve significant upland areas. Harry asked why a statement would be needed, instead of a cost/benefit analysis during ranking. Steve responded that the processes differ across the state. Chair Tharinger asked whether the Review Panel had worked with Jim Fox on the issue. Jim clarified that that this issue is about the cost-benefit of a project that purchases upland, versus the earlier discussion about how to separate upland areas for ongoing agricultural production. The issues are related, but different.

David expressed concern that the policy could be overly prescriptive, and that the local processes need discretion. He stated that upland components can be a significant threat to salmon recovery. Jim clarified that the Review Panel does not review and rank projects, but flags projects of concern. He suggested that there may be other approaches, such as conservation easements, that allow the board to purchase only the land that they want.

- The Review Panel also recommended that the board allow sponsors to either (a) show projects in the context of a larger suite of projects or as a piece of a bigger project or (b) track a project history (previously submitted or subsequent phase to a current project). Chair Tharinger asked if these are concerns for staff as well. Brian responded that staff tries to consider everyone's perspective in manual language. The chair noted that the board would need to see manual language before commenting.

Kaleen asked the board if members are comfortable with RCO staff making changes to Manual 18 for distribution next week. Chair Tharinger noted that the board would authorize staff to release an update with small procedural changes for the 2009 round. Major policy changes for the 2010 manual will be discussed at a future board meeting.

ITEM 11: POLICY DISCUSSION: PROCESS AND CRITERIA TO IMPLEMENT RCW 77.85.130(7) (TRANSFERRING LAND ACQUIRED WITH A SRFB GRANT TO A FEDERAL AGENCY)

Megan Duffy, Policy Specialist, Recreation and Conservation Office, presented this agenda item.

Megan Duffy gave a follow-up report to the board's discussion in December 2008 regarding the conveyance of properties acquired with a board grant to federal governmental entities. Megan noted

that it is important to define the conveyances to which a policy would apply, and proposed the following interpretation of the statutory use of conveyance in 77.185.130(7):

A transaction that consists of the whole of a SRFB funded property being transferred from an eligible sponsor to a federal agency as authorized in 77.85.130 (7), in which the sponsor receives no compensation. The exception to this interpretation regarding compensation is if the sponsor receives in return for the conveyed property, a property of equal or greater conservation value that is to be protected in perpetuity.

Megan then described the process and criteria listed in the board memo to help ensure that (1) the proposed substitute habitat protections are adequate; (2) the intent of original grant agreements are met; and, (3) the statute is applied consistently across all future requests under 77.85.130(7). She explained that staff was asking the Board to either approve the approach, criteria and process or provide further direction.

Chair Tharinger noted that Chelan County has a related issue and had asked for more time to review the staff proposal. He stated that he supports the policy that RCO staff developed, but thinks that the county should be given more time as requested. He stated that staff should respond to the questions raised by the county. Megan read and answered the questions in the letter from the county.

David Troutt suggested that local technical review panels be involved in assessing the substitute habitat protections so that the process ensures relationship to the recovery plan.

Jim Fox noted that he thinks the board will encounter large, complex land transfers in the future and that the proposed policy would assist in resolving complicated issues.

The Board decided to make a decision at the May 2009 meeting.

ITEM #9: REGIONAL AREA PRESENTATION: SNAKE RIVER REGION

Steve Martin, Executive Director, Snake River Salmon Recovery Board, presented this agenda item.

Steve Martin presented a statewide reflection and an overview of salmon recovery in the Snake River region. The region is also the lead entity for the Snake River, and Walla Walla Community College is the fiscal agent for the region.

Steve noted that citizens of the Snake River basin were anxious when salmon were listed under the Endangered Species Act. It took three years to develop the Snake River recovery plan, which they completed in 2005.

Steve described the recovery framework, and noted that the fifty-year goals for the region are healthy and sustainable runs for all, with harvestable numbers.

In the recovery framework, he noted that that the Walla Walla population is in the “moderate” category because they cannot access Mill Creek. They could move the population into the “low” category by providing the access. Further, they could move the Touchet population to low/moderate by creating a denial weir on the Wall Walla River that will keep hatchery fish separate from wild runs. Steve explained that he used these examples to show that recovery actions are comprehensive and often are funded by other sources. The board funded the plan, and the region brokers the agreements to get it done.

Steve discussed the implementation plan and displayed the locations, numbers, and types of project locations on a regional map. The map included projects from the past eight years, and showed that projects are adhering to the recovery plan and becoming more complex over time.

Challenges for the region include state agency participant commitments, coordination, monitoring, reporting, and sponsor capacity/workload. A significant challenge is the multiple political boundaries, including three states, the federal government, and tribes. Successes include commitments and coordination, funding, monitoring, and reporting. Steve also discussed the significant efficiencies that they have realized in the past few years, including their arrangement with the community college, jointly administering the lead entity and recovery board, and interagency agreements.

Chair Tharinger asked how the Snake determined projects before 2004. Steve responded that they used the lead entity strategy, which the analyses for the recovery plan validated. Bob Nichols asked how steelhead numbers are determined in the area. Steve responded that the number provided is the minimum number of fish in a trap, which is upstream and after several tributaries. Bud Hover asked if the number can be extrapolated for de-listing. Steve responded it is a process that involves pit tagging a sufficient number of juvenile fish, which they will begin on March 1 under contract with the RCO. Steve and the board also discussed the challenges for the projects he noted earlier for the Walla Walla and Touchet River populations.

Chair Tharinger asked if they had monitoring issues, and if it would be helpful to change mix of funding requirements. Steve responded that in the Snake, he would like the lead entity to take care of projects and the program, and the recovery board to take care of infrastructure. He suggested that the board could pool the funds, and then the region would allocate money for monitoring, projects, and infrastructure with approval from the board.

Harry asked if the 10 percent of monitoring had to be split evenly across regions. Harry suggested that it could be an opportunity to meet different needs, if some regions have monitoring funds from other sources. Kaleen responded that it probably would be allowable. Steve noted that Harry's suggestion ties in with the RATF recommendation regarding region-to-region sharing.

ITEM #13: ROLE OF SALMON RECOVERY IN THE PUGET SOUND PARTNERSHIP ACTION AGENDA, REGIONAL AREA PRESENTATION: PUGET SOUND REGION

Joe Ryan, Salmon Program Manager Morgan Schneider, Watershed/Habitat Recover Coordinator, and Rebecca Ponzio, Puget Sound Partnership, presented this agenda item.

Joe Ryan provided an overview of the Puget Sound region. He explained the structure of the Partnership, roles of salmon recovery staff (watershed coordinators organize watershed lead meetings and watershed workshops), and the project selection process in the Puget Sound. Joe explained the key findings of the protection assessment of the San Juan initiative, which indicates major loss of habitat due to a lack of regulation and consequences. Fortunately, there is a lot of remaining habitat and a willingness to work at saving it.

Chair Tharinger asked about the role of watershed leads. Joe clarified the different roles of watershed leads and watershed/lead entity staff. The Puget Sound Partnership coordinates and supports watersheds.

Jim Fox asked the Partnership to explain the crosswalk between geographic lead entity regions and Water Recovery Inventory Areas (WRIAs). Joe explained that the Partnership describes the areas as "Recovery Plan Chapters", which is a WRIA.

The board discussed integrating and coordinating salmon recovery efforts within the Puget Sound lead entities. Chair Tharinger asked for the Puget Sound to come to the board with a plan for integration or coordination because decreased funding is a budget reality for the board and lead entities statewide.

The meeting adjourned for the day at 4:49 p.m.

SALMON RECOVERY FUNDING BOARD MEMBERS PRESENT:

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

Meeting reconvened at 9:10 a.m.**ITEM #14: STRATEGIC PLAN AND ALLOCATION RECOMMENDATIONS**

Jim Fox and Megan Duffy, RCO presented this agenda item

Megan Duffy started the strategic planning presentation by providing a road map for the conversation. She noted that the timeline for the board to adopt the strategic plan is fairly short, and RCO staff hopes that the board can adopt a strategic plan at the May 2009 meeting.

Megan presented the board's current mission statement and policy, along with a staff proposal for language that would reflect the board's recent discussions about having a broader role in the salmon recovery effort.

Chair Tharinger asked the Board for questions. Carol Smith expressed concerns about the revised statement interfering with co-management activities. David Troutt responded that he does not see interference at that level. Chair Tharinger supported David's position, and noted that the board taking a broader role would streamline the overall process. Carol asked about project review, particularly with hatchery review. Sara LaBorde noted that there would be a separate review for hatchery projects. Chair Tharinger noted that finding efficiencies is the goal instead of dilution. Harry asked Megan about including language that the board "efficiently" funds projects. Chair Tharinger noted that it is assumed.

Megan then presented three areas of focus (referred to as "buckets"): projects, monitoring and infrastructure. She asked the board if these are the correct "buckets," and if funds are allocated among them correctly. She noted that the current allocation is 81% for projects, 14% for infrastructure, and 5% for monitoring. Jim Fox noted that the 5% monitoring allocation includes all SRFB projects, whereas the 10% monitoring requirement is exclusively for PCSRF dollars.

Chair Tharinger asked if the board members were comfortable with the way the buckets are defined and the amounts allocated. He suggested finding another word for "infrastructure."

Melissa Gildersleeve asked if the board is making statewide policies for data collection. She was not clear if there was an expectation for the local groups to take the lead in data collection. If so, does the funding come from the infrastructure or the monitoring bucket? Is the board intending to fund it?

Chair Tharinger responded that the approach involves both the board and the local groups, and noted that there is still a lot of work to be done on protocols and gathering data across the state. Melissa stated that how the board views the differences between monitoring and infrastructure will be important for funding and strategic planning decisions.

Bud Hover stated that he thought it was critical for the process and data collection to be standardized and collaborative, and that the collection of data indicates when recovery is finished. Chair Tharinger responded that the Forum is trying to provide a statewide way to gather data and bring it together, but that regions have different benchmarks for data collection. He stated that he does not know if the monitoring funds could be given to the regions for their monitoring. He suggested that the regions come to the board and specify the needs.

Kaleen clarified that she believed the discussion is about data management, not monitoring.

Bob Nichols stated that the regions' work contributes to, but does not tell the statewide story. He said that to him, the real issue is that the 10% PCSRF requirement drives the amount of funds allocated to the monitoring bucket. He sees establishing priorities for monitoring efforts such as smolt monitoring, effectiveness, and IMWs as a duty of the monitoring forum instead of the board.

Bud noted the questions that need answers should drive the amount of monitoring. Board members then discussed the need to continue working with the forum to clarify roles and priorities for monitoring.

Bud stated that if data management falls under infrastructure, it would require more money and the numbers will shift among the buckets. He noted that his focus on data is driven by knowing when recovery has been achieved and hopes that more data will direct the process to completion.

Jim Fox discussed monitoring and data collection in the context of adaptive management. He said he thinks we have made good strides in data protocols, but less progress in data management statewide. He thinks the monitoring questions are getting clearer, but the data questions still need to be addressed.

Chair Tharinger asked if the board wants to discuss the distribution of funds across the buckets. Megan clarified that the board seems comfortable with the idea of taking on a broader role and with the buckets as described. She stated that the next step is for the board to decide how it wants to fund the buckets – based on historical averages, policy-oriented principles, or a combination of both. Megan then described funding strategy principles included in the memo.

Bob Nichols stated that he views this differently from how staff presented it and that it is difficult for the board to interject in local processes. He stated that he would like to see an allocation to each bucket by percentage. He would then distribute the funds to the regions and the lead entities on an ESU basis, and allow them to make the decisions about where to make efficiencies and cuts instead of coming down from the state level. He also is supportive of a flexible monitoring strategy, with a total 10 percent average among the regions. He'd like to try the approach for two years, and check back in at the next budget cycle. Bob noted that he is now more inclined to increase capacity dollars based on testimonials from local level staff.

David agreed with Bob, but would like to add what minimum funding levels are needed to maintain recovery. Harry also agreed, and suggested that the board discuss the process and set expectations for what the lead entities should bring back in May.

Craig Partridge found the principles too general. For monitoring, he said he would support continuing to be able to tell the overall story of success and progress to funders, rather than on a project basis. He then suggested that the relationship between projects and human capacity funding varies by lead entity and region. He noted that budget exercise has to include both a central direction and a bottom up approach to determine how to cut infrastructure dollars relative to project dollars.

Chair Tharinger suggested that the board should set the basic percentages, and then provide some guidance about how capacity dollars are distributed based on historical funding and differing needs.

Harry clarified that he was suggesting giving “hard targets” and letting the local folks to figure it out. Bud said that he wants to provide enough guidance to limit conflicts, but also has confidence that lead entities and regions have a better idea for how to allocate funds than the board.

Carol said that she would hesitate to allocate the monitoring dollars to the regions because many of the programs are broader based than a particular region. Chair Tharinger agreed, and noted that the board does not want to lose data sets or “drop the ball” on data collection. He suggested that the 10 percent for monitoring be left in place, pending discussions with the forum.

David thinks that the board has made an investment in the infrastructure in building local salmon recovery efforts, and the board needs to set guidelines and expectations so the investment in human capital is protected.

Bud noted that there has to be a single point of contact, and sees a more coordinated role between regions and lead entities. He would like everything flowing through the regions. Chair Tharinger suggested that RCO should write contracts with regions and lead entities, and that the regions should not be contracting with the lead entities. He said this approach would give the Board oversight.

Sara LaBorde is uncomfortable with all funds and decision going through the regions. Her understanding is that regions implement the recovery plans, but lead entities are working at the hands-on level. She wants to take notice of the bigger salmon picture than just the listed species.

Megan noted that she heard the board is okay with the principles. While the discussion also addressed the upcoming budget, the board wants to put numbers on the buckets based on the historic numbers.

David disagreed, and stated that the historic numbers are not a good basis because the current capacity is insufficient for the increasing number of functions that the lead entities are doing. He stated that a cut to an already insufficient system risks losing the ability to continue salmon recovery.

Bob stated that the board’s job is to set the broad criteria, tell lead entities what the allocation is from the state and allow them to determine the use. Bob is more willing to increase capacity funding without getting into the specific details. Bud clarified that he wants the regions and lead entities to find efficiencies, and that there needs to be a hierarchy to determine how funding flows and tasks are done.

Jim noted that the board must be careful in looking at the budget in terms of percentages. Currently, the the proposed cut is 20%. If monitoring is funded at 10%, and we used just historic percentages, human capacity would be cut by 23 percent.

Craig noted that the infrastructure “spigot” is closer to “off” than the projects, and questioned whether each of the region and lead entity spigots are equally distant from “off.” He stated that the board needs to be accountable for the decision and should not delegate it to the regions.

Harry noted that the question was a forced choice between projects and capacity, and suggested that the board find a better guideline for what percent to cut. Bob suggested that they might find some flexibility in how to use the monitoring funds to meet regional needs.

Megan reviewed the budget reductions and options for managing them.

Public Comment:

Joe Ryan, Allen Chapman, Richard Brocksmith, Julie Morgan, and Alex Conley presented public comment as a panel.

JOE RYAN, PUGET SOUND PARTNERSHIP: Joe stated that he preferred to keep infrastructure at current levels, and asked the board to make decisions quickly so regions and lead entities can plan accordingly.

ALLEN CHAPMAN, LUMMI NATURAL RESOURCE DEPARTMENT: Allen explained that they want salmon recovery to be achieved and that the Lummi's focus is getting fish to harvest. Lead entities have had trouble with administering contracts in the past, and he wants RCO to get involved because RCO is effective in contract management. Allen noted that local areas could provide less rigorous monitoring and the same answers to recovery questions.

RICHARD BROCKSMITH, LEAG CHAIR: Richard responded to members' questions from yesterday's board meeting. He pulled out the common themes of the Board's questions as prioritize functions, avoid overlap, and track goals for functions. Richard provided a matrix of sample data for the Lead Entity functions across the state, which he thought could provide a gap analysis.

JULIE MORGAN, UPPER COLUMBIA SALMON RECOVERY FUNDING BOARD: Julie responded to Bud's comment on his confidence in the UCSRB, and noted that the board collaborates with several partners that the SRFB never sees. She also suggested that the board should not recreate the monitoring and data management structure. As an alternative, she recommended that the board express a preference for existing tools and programs to save money.

ALEX CONLEY, MID-COLUMBIA: Alex commented that the mission of the Board should reflect coordination, accountability, and conversations among the Hs. He stated that the question of where to place monitoring funds (infrastructure or monitoring bucket) is an accounting question. Alex would not want all the monitoring funds to come through the regional structure, because it is not distributed equally across the state. He sees monitoring connecting with local sponsors when they seek funding. He stated that the ability of regions and lead entities to coordinate on budget decision will vary across the state, because of the different organizational structures. Alex noted that it is not COR's function to evaluate the contractual requirements of the lead entities.

Chair Tharinger asked the panel what functions could be more efficiently done at the regional level, how to address lead entity scope creep, and how to determine the best place for the different tasks of the process.

Richard responded that efficiencies will be found through gap and overlap evaluation. He would like to have the discussion at a reach and lead entity level. Joe Ryan agreed that there is room for efficiencies. He stated that he likes the forced budgeting approach, and would like a number today to make tough decisions. Puget Sound would need two numbers, one for the lead entities and one for regions, unlike the Snake and Lower Columbia, where the lead entity is also the region.

Bob Nichols asked if the concept of a “regional area” allocation that could be divided into the region and lead entities would work, and Joe replied that it would. Sara clarified that the regions and lead entities would need to work together to find the efficiencies and cuts.

Richard asked how the board would come up with a number at a regional level that would not affect lead entity function. Sara stated that the local folks can put it together and look at how to move forward regionally and at the lead entity level through an integrative process. Joe Ryan noted that social structures must be maintained. He also pointed out that the Puget Sound region could take a larger cut than the other regions, and that it should be considered across regions.

Chair Tharinger clarified that the approach refers to geographic regions, and that the regional organizations would not be making decisions for the lead entities.

Craig Partridge asked if the regions and lead entities have anything to learn from one another in terms of how to deliver efficiently, considering the dire budget situation. He hopes the board will keep posing the question, benchmark it, and find ways to learn from one another instead of hiding behind uniqueness.

Harry stated that this is an opportunity to see what functions can be delayed, consolidated, or eliminated, what can be done without consultants, what dollars were spent developing scoping projects that never got funded, and what are the best practices.

Bob referred to the general guidelines discussed, and noted that Harry’s questions are key for guiding that discussion. He stated that the overarching mechanism is still a percentage that will need to be cut, and that it should force them to look into the questions.

Alex noted that the difficulty in making this decision is the two timelines: 1) for the board meetings and the legislative session, 2) integrative timeline at the local level. The sooner that regions and lead entities have a budget number, the better decisions they can make with staff choices and time sensitive expenses.

Richard noted that he is concerned about budget cuts affecting statewide effectiveness of LEAG and COR if funding is decreased. Chair Tharinger agreed and noted that LEAG and COR will most likely fall under RCO’s administrative support.

Board Discussion

Chair Tharinger invited Megan and Jim Fox to return to the presenter table to discuss options for percentage allocations to the categories, and suggested that they divide them by region. Bob Nichols clarified that there are two percentages for consideration: one by “bucket” statewide and the other a percentage allocation per regional area. The chair concurred, and clarified that the regional area allocation is for human capacity, and that the regions would not decide how much to allocate among buckets at the region or lead entity level.

In response to a question from Bob Nichols, Jim Fox stated that monitoring funds do not have to be spent evenly across the state. He reminded the board of the discussion yesterday to refer monitoring questions to the forum. David Troutt reminded the board that the 10% requirement based on the PCSRF award. Jim also noted that there is a minimal funding point at which the lead entities and regions cannot function.

Jim noted that the RCO knows how much each region and lead entity currently receives, and that while they are talking about efficiencies, they want to know what the “bucket” would look like. He noted that

the total is \$8-9 million, and that they need to know if it's status quo, or a reduction of 5%, 10%, or so on.

Harry referred to the chart on page 7 of the memo, and noted the percent allocated to the infrastructure over time. He asked if the board cut the \$8 million infrastructure by 10%, what the affect would be on projects. At that point, what would the percent for infrastructure be in the next biennium? Board members asked several clarifying questions to understand Harry's proposal, which he clarified as a question to start discussion.

Bud noted that even if funding stayed the same, the human capacity would be cut because we are trying to improve ability to get projects on the ground. He is concerned that losing the people reduces the community support. He stated that he wants to take money away from projects. Chair Tharinger asked if it makes sense to keep people over projects, even if there are fewer projects. Bud responded that there would be fewer projects regardless, and that they cannot reestablish the existing relationships and communication.

David proposed that regions absorb a 10 percent reduction, and that the board not cut the lead entities.

Sara said that she is concerned about project dollars, but noted that federal stimulus money will be spent in regions. Chair Tharinger asked if accessing dollars outside of the SRFB process is better done at the regional level or lead entity level. Sara responded that the regions can better get money because of external resources.

Harry did not think that the lead entities should be insulated from taking a hard look and finding efficiencies. Harry is not throwing out a 10 percent cut, but rather a number to look at to get an estimated ratio. Kaleen stated that the percentages would be 11% for monitoring, 17% capacity, and projects 72%. She noted how it compares to the current biennium. If all cuts were taken to projects, the percentages are 11% for monitoring, 18% capacity, and 71% projects.

Bud reminded the board of the different funds coming to the regions, and that the dollars eventually come to the board for projects.

Chair Tharinger asked staff to develop the percentages and numbers over lunch. Jim stated that the numbers Kaleen shared would need to be verified. Bob clarified that it is a statewide exercise. The board and staff then clarified the options requested, and how the \$140,000 cut to lead entities could be managed.

Craig referred to slide 19 of the presentation, and clarified that options B and C were not under consideration, but that cuts to the infrastructure of 0-10% were on the table.

Jim Fox stated that staff would build a spreadsheet during lunch, so that the board could consider options after the break. The Chair asked them to return at 1:00 p.m.

ITEM #15: COUNCIL OF REGIONS REPORT: 2009-2011 REGIONAL ORGANIZATION FUNDING REQUEST

Steve Martin, Executive Director of the Snake River Salmon Recovery Board, and Julie Morgan, Executive Director of the Upper Columbia Salmon Recovery Board

Regional directors have met a couple of times since the January date on the report. Steve noted that salmon activities do not always come to the board because of the scope of the board's work, the external activities aside from habitat restoration. He explained that supplemental salmon recovery

activities often come from external activities. Seven of eight regional organizations (not Lower Columbia) believe that project money will increase over the next biennium. The money will be spent consistently with the recovery plans funded by the board. COR discussed belt tightening, and the tolerable levels of cuts to retain core service varied from 7 to 12 percent. COR believes that they can manage a total 10 percent cut from current funding levels.

David Troutt asked if the 10 percent cut would be distributed differently throughout the regions. Steve confirmed that the regions could divide the reduction based on needs and capacity. Chair Tharinger asked if the cut would compromise the ability to secure other funds to support their work. Steve explained that the partnerships and ability to be innovative are jeopardized if funding is decreased.

Bob Nichols clarified that people produce the projects, so when project money is cut, people are affected. The region translates money and concepts into projects on the ground to benefit fish and watershed health. Bob also stated that there is a perception that the board funds projects, not people. Sara agreed with Bob, and noted that statute charges us to implement a recovery plan. She is willing to consider not cutting infrastructure.

Bud does not want regional staff members to be overloaded with additional tasks. Sara wants to see a shift to quantify how much is being leveraged. Bud pointed out that as the process evolves, more people are going to be involved. Julie Morgan noted that regions who secure additional funding sources feel there is a disincentive.

Chair Tharinger asked COR about unspent/carryover funds across the regions. Steve noted that the regions can provide \$250,000-\$500,000. Julie Morgan and Alex Conley suggested that the estimate is not accurate because some of the regions cannot provide the numbers yet. Steve reinforced a request to get as much budget information as possible.

Chair Tharinger was impressed with the Snake's coordination and spending, and wants to find a way to incentivize other regions to find the same efficiencies across the state.

ITEM #14: STRATEGIC PLAN AND ALLOCATION RECOMMENDATIONS

After the lunch break, RCO staff provided the Board with the following four funding options for a 20 percent cut in 2009-11 budget.

Staff presented a table of numbers based on the options requested by the board before lunch. Craig asked how the monitoring figure was set at \$5 million. Jim Fox responded that the figure was based on ten percent of the PCSRF request.

Rebecca Connolly explained the following options shown on the chart, and reminded the board that they had removed Option B (from the memo) from consideration.

1. Option A: Reduce only project funding, except that the \$140K is absorbed by the lead entity program
2. Option A1: Reduce only project funding, the \$140K is absorbed by projects
3. Option C, with 10% reduction
4. Option D, with 10% regional cut, no lead entity cut

Bob asked if Option C includes the \$140K cut. Jim Fox noted that the board could see the effect on the current contracts for each of the options. The chair asked to see that chart on the screen.

Craig asked for clarification about the \$8 million cut. Kaleen clarified that the cut is in state funds, and that it is about 45% of state money. She stated that they do not expect a cut in federal money for 2009.

Mark Jarasitis described the chart showing the 10% reduction for each of the current lead entity and region contractual funding levels. Jim Fox summarized that he thinks the regions are willing to take a 10 percent cut, and that the lead entities, who had asked for a \$1 million increase, are hoping to stay constant. Bob clarified that scenario as option D. Jim noted that they have to take an \$8 million cut, and that if they take no cuts in infrastructure, it all will need to come from projects.

Sara asked what the average cost of a project is, and Brian Abbott responded that it is about \$300,000, depending on the project type.

Harry asked what would happen if they combined the 10 percent cut offered by COR and balanced it with the funds they would return during the current biennium. Jim responded that a ten percent cut to the current budget for regions would be about \$560,000, which could be shifted to projects.

Bob stated that he was thinking of the allocation according to regional areas, where the regions and lead entities then work through it. He thinks that option D splits up that concept. He prefers the concept of Option C, but not necessarily the 10 percent.

David Troutt noted that in his opinion, the options state percents and do not preclude Bob's idea. Craig asked where the \$140,000 is within options C and D, and if the assumption is that lead entities are not taking it. Chair Tharinger noted that A is the only option in which the \$140,000 is included. Jim noted that in options C and D, the \$140,000 cut is assumed by projects, or more likely, administrative efficiencies from shifting the program to RCO.

Bud Hover does not want to reduce capacity from regional organization and lead entities, and prefers to take the entire cut from projects. He said that he that a difference between the options is only a few projects and does not warrant cutting staff.

Bob said that he is more accommodating of the capacity needs, but that everyone involved needs to reexamine the way that we do business. He thinks that it is worthwhile selecting a figure to force the discussions.

Craig wonders if it is credible at a time when the state is trying to fill a six billion dollar deficit, to say that lead entity business as usual is acceptable. He agrees with Bob, that this could be a missed opportunity to examine business practices also many projects would be lost. Harry noted that the options do not look very different at the project level, but that if COR is willing to cut 10 percent, the board ought to seek the savings and ask the lead entities to find efficiencies.

Chair Tharinger asked if the board wanted to explore other percentages. Sara suggested that the board provide incentives to do innovative work, but supports option C.

Bud said that the regions and lead entities are using money efficiently, and believes that staying at the same level is moving backward. David noted that option A1 would keep people in place who can pull in project dollars from other funding sources.

Bud Hover moved to accept option A1 in the board-directed options table. David Troutt seconded.

Favor – Hover, Troutt. Opposed – Barber, Nichols, Tharinger. **Motion failed.**

Nichols moved to accept option C at eight percent. There was no second. Chair Tharinger asked staff to amend the chart to show option C at eight percent (this option became option C2).

Chair Tharinger explained that the legislature is still working on the budget, and it is important for the board to show responsibility and efficiencies. Bud noted that the money is cut, and that they are just determining how to do it. David noted that by maintaining capacity, the board is maintaining the state's investment in salmon recovery. Harry noted the change in capacity funding as a percentage of project funding, and that Option C may not be painful to lead entities. David addressed Harry's comment by noting that the lead entities are underfunded, and that the board recognized that in July 2008.

Public Comment

BARBARA ROSENKOTTER, SAN JUAN COUNTY LEAD ENTITY COORDINATOR: Barbara noted that the SRFB cut of 8%, combined with cuts from WDFW and local contracts, would cause a 67% reduction in her budget. Local jurisdictions are making cuts as well. Barbara noted that the biggest contract is \$80,000 and there is not a lot of fluff. She supports cutting from projects instead of capacity.

Nichols moved to accept option C2, an 8% reduction in infrastructure. Harry Barber seconded.

Bud Hover agreed with Barbara Rosenkotter that projects are in motion, and that by keeping infrastructure, the projects can be ready to go when the climate improves. Harry Barber stated that he has a difficult time understanding how a lead entity can struggle with an 8% cut. Sara noted that finding an 8% cut does not force the Board to take it.

David noted that the board is sending a message and that the regions and lead entities will need to make decisions about expenses. He is concerned that their relationship will become competitive instead of collaborative.

Melissa reminded the board that COR had already offered 10 percent, and suggested that option C2 promotes a conversation. Chair Tharinger agreed, and said that he would like to do an exercise to reach a budget number that must be met. They are not arguing need and value, they are just trying to reach a budget number.

Motion is approved. In Favor – Barber, Nichols, Tharinger, Opposed – Troutt, Hover.

Chair Tharinger asked if there is specific direction to the regions and lead entities based on the vote to reduce by 8%.

Bud asked if the eight percent was for all three buckets by region. Chair Tharinger clarified that it was for human capacity only. Craig noted that taking 8 percent from each was a starting point, but that the regions and lead entities would figure out the best way to take the cut. Chair Tharinger concurred, noting the cooperative work already done by COR. Jim Fox noted that the project dollars would be allocated to the regions based on the percentages set by the RATF in the past.

Chair Tharinger asked if the regions and lead entities needed more clarification, and if they wanted to see the figures broken down by lead entity and regions. He then opened public comment.

Public Comment:

RICHARD BROCKSMITH, LEAG: Richard noted that considering the backfilling, it is not an equitable cut. He mentioned the unintended consequence is how Puget Sound will consider the 8% cut within the region and among lead entities.

NANCY ALLISON: Nancy clarified that the Coast's allocation in the second chart (with reductions) represents a 20-month budget. Jim Fox responded that the funds would be prorated appropriately.

Craig Partridge encouraged regions and lead entities to have candid conversations with their legislators. Chair Tharinger noted that the legislature is overwhelmed by their responsibility to cut numbers.

Chair Tharinger asked staff to send a memo to the lead entities and regions summarizing the board's direction for information coming back to the board in May.

Kaleen noted that RCO does not yet know if the SRFB will have a role with the federal economic stimulus plan, so there may be an emergency board meeting before the May Board meeting.

Jim Fox added that the Board typically sets a dollar target for the next grant cycle at this time of year. It is difficult to do because of the budget uncertainty. Right now, it would be \$16 million, but one recommendation from RATF is a biennial or rolling grant cycle. Jim said that the board could wait until May.

Bob would like to entertain a discussion about biennial grant round at the May meeting. Chair Tharinger agreed, and encouraged other suggestions in the context of the budget reduction exercise. Harry Barber asked staff to quantify what the "give backs" will be.

ADJOURN

Meeting adjourned at 2:19 p.m.

Steve Tharinger, Chair

Next meeting: May 14-15, 2009
Vancouver, WA