

SALMON RECOVERY FUNDING BOARD SUMMARIZED MEETING AGENDA AND ACTIONS, MARCH 2, 2011

Agenda Items without Formal Action

Item	Follow-up Actions
Management Report	Staff follow-up regarding eligible project types: August Staff follow-up regarding farmland notification policy: May
Salmon Recovery Management Report	No follow up action required.
Reports from Partners	No follow up action required.
State of the Salmon in Watersheds, 2010 Report	Board had general suggestions for the 2012 report. Staff to follow up with board members during scoping discussions for that report.
State and Regional Salmon Recovery Funding Strategy	
Preliminary Discussion Regarding Funding and Scopes of Work for Lead Entities and Regions in 2011-13 Biennium	Need to come back with historical picture, qualified for what has changed; funding from the different sources

Agenda Items with Formal Action

Item	Formal Action	Follow-up Actions
Minutes	APPROVED as presented	None
Recognizing the Service of Steve Tharinger	APPROVED a resolution recognizing the service of Steve Tharinger.	Staff to send the resolution to Mr. Tharinger
Designate New Subcommittee Member(s)	APPROVED a motion appointing Bud Hover to the subcommittee	None

SALMON RECOVERY FUNDING BOARD SUMMARY MINUTES

Date: March 2, 2011

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:

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

Opening and Welcome

Chair Bud Hover called the meeting to order at 9:01 a.m. and a quorum was determined.

- The Salmon Recovery Funding Board (board) approved the agenda as presented. Kaleen reminded the board that Item #6 had been removed.

David Troutt moved to adopt the December minutes as presented in the notebook.

Seconded by: Harry Barber

Motion: APPROVED

Management and Partner Reports

Management Status Report

Director's Report: Kaleen Cottingham noted the legislation to consolidate the natural resource agencies, and said that the deputies were working on transition issues in case it passes. She also noted that the legislation to end the board had passed out of committee without the Salmon Recovery Funding Board. Finally, she noted that they would submit the 2011 grant request to PCSRF on March 2. The request includes one proposal for \$30 million (the maximum grant amount), and another for the status quo amount (\$27.5 million).

Legislative and Budget Update: Steve McLellan discussed three legislative issues:

- The consolidation bill (5669) in more detail, including its current status, effective date, perceived savings, and scope. Some of the original agencies (e.g., Conservation Commission) have been removed, and the name has been changed. The Senate is looking for more savings from the change than the Governor had proposed; the cut may cause larger program

eliminations. There is a possibility that even if the bill does not pass, the legislature may still want to realize the savings.

- The boards and commissions bill in the House; there is some discussion that the board may still be eliminated.
- The Invasive Species Council bill is moving along well in both houses.

On the budget, the March forecast is expected to be low again, but there is little factual information at this point. If it does go down, it will sharply affect the bonding capacity in the capital budget, which is already lower than in was in the Governor's budget. There appears to be no capacity beyond what is needed for K-12 schools. Most of the legislative staff questions have focused on the Washington Wildlife and Recreation Program (WWRP). The Partnership just provided a required report to the Legislature, which put salmon funding as a top priority. Finally, there is increasing concern about reduced federal funding over the next two years. For PCSRF, the President's budget has \$65 million. The House proposed continuing resolution cut it to \$50 million; the end result is likely somewhere in that range. With regard to match issues, staff is monitoring the situation and will bring back more in May.

Finally, he highlighted the land acquisition issue that was in the Governor's budget. It does not appear that it would extend beyond state agencies. That is, acquisitions by nonprofits would be allowed. He also noted that there are efforts to reduce the capital budget over time by reducing the debt limit.

Policy Report: Steve noted that Dominga Soliz was working on the farmland notification policy. She and the lead entities will be sending out a survey to find out how the districts already are involved. This will be a briefing in May for a narrower policy decision.

Megan Duffy gave an update on the work regarding expansion of eligible project types. Staff has worked with WDFW to gain a better understanding of hatchery funding. WDFW indicated that there was a total of approximately \$62 million for hatchery funding in the 2009-2011 biennium, most of which is directed to operations, with a small amount directed to maintenance. The trend over the past ten years has been reductions in hatchery funding. Hatchery reform funds have come from PCSRF and the Mitchell Act; both of these sources and their funding levels are uncertain in the future. WDFW estimates that they have approximately \$250 million in hatchery reform projects. Megan reported that the Evergreen Funding Consultants report identified monitoring as the biggest gap in non-capital funding for salmon recovery efforts. Staff is recommending that the board postpone a decision on whether to direct staff to do more work until August. By then, there will be more certainty around PCSRF and state funding levels and the board will likely have full membership.

Salmon Recovery Management Reports

Governor's Salmon Recovery Office: Phil Miller, Executive Coordinator, reviewed the report in the advance materials (Item 3A); he noted that many of the topics would be covered in more detail during the afternoon. He reviewed the attachment, which summarized the findings of the regions' annual performance reviews. In particular, he noted their significant achievements, obstacles, and upcoming milestones. He noted that the detailed report is available on request.

Member Troutt asked if the regions are successful in pulling in funds that are different from those that the board is familiar with (e.g., foundations) and what the amount is. Phil responded that the answer is

part of the presentation they would get in the afternoon, but the total in recent years has been about \$120 million per year in capital and non-capital funding.

Chair Hover asked where Oregon and Idaho are at with salmon recovery, compared to Washington, and how that affects our ability to be successful. Phil responded that the other states are catching up, but that they have different models. He acknowledged that we are interdependent. Hover and Miller also discussed the role of tribes and watershed groups in the process.

Member Smith asked whether the old and new regional recovery plans (Snake and LCFRB) were compared, when the plans were revised. Phil responded that it was part of the process. They have not completed longer-term monitoring work, but did incorporate new information through adaptive management.

Member Partridge asked if he could summarize any information about the changing role of the SRFB. Phil noted that Megan Duffy asked questions about the role of the board during the interviews. Megan noted that several regions articulated a gap in overall statewide salmon recovery policy, and thought that the board might have a role in filling that gap. There are many questions about how the role of the board can evolve along with the roles of the regions. She clarified that the "gap" likely referred to all-H integration and the larger picture of how all salmon recovery efforts fit together around the state. Kaleen noted that move of the GSRO to RCO from the Governor's Office was likely a key factor in the articulation of a gap; the Governor's Salmon Recovery Office no longer drives policy, so who does?

Monitoring Forum: Kaleen noted that Ken will become an employee of the Partnership in July, but that the RCO will keep him as the monitoring advisor for the board. Ken noted that he is still the coordinator of the Forum. The final meeting is March 30. They are working on a commitment to continue monitoring on an appropriate scale into the future. They will meet as the need arises to address specific issues. Another piece they are working on is a letter to capture the Forum's experience and accomplishments over the past few years. They also have a number of ideas that the chair thought should be captured in the event that forum is recreated in the future.

For the board, the ongoing question will be where the board goes for advice on prioritization of monitoring ideas and proposals in the future. This has been a key role of the forum in the past few years. He suggested that this would be a good discussion for the board.

Grant Management: Brian Abbott noted that Manual 18 was now available, and gave the board an update on the project conference, scheduled for April 26 and 27. He noted the purpose of the conference is to provide an opportunity for sponsors to share information and improve the projects. They are planning for 500 people. He discussed the keynote speakers and conference highlights, noting that the information is online. He encouraged board members to attend.

Grant managers Tara Galuska, Kat Moore, and Mike Ramsey highlighted the features and benefits of four projects of interest.

- *Morse Creek Channel Restoration, 08-1843R and 09-1519R:* Tara noted that this project had multiple partners for funding and implementation, including WWRP for the site acquisition. She noted that this was the largest board-funded project she had worked with on the Olympic Peninsula. It created over a half mile of new habitat. Rebecca Benjamin, the project manager, was in the audience and provided additional information in response to board questions.

- *Greenwater ELJ–Trib to White River Restoration, 06-2223R*: Tara noted that five engineered log jams were installed on U.S. Forest Service property. These structures were placed to recreate conditions that existed prior to logging and road building, replacing largely absent instream wood structures. The river is already reclaiming its channel. Lance Winecka noted that 10 more log jams will be installed this year under a separate board grant. The USFS provided staff support and wood from campground blow-downs.
- *Skokomish Estuary Island Restoration, 07-1631R*: This project completed feasibility, design, and restoration of 216-acres on Nalley Island of the Skokomish River Delta by removing dikes, roads, debris, and borrow ditches. Mike noted that this project was funded through the board and through ESRP. This is Phase 2 of a three-phase project; the board also funded the first phase. Mike described the steps involved in the project.
- *Twin Rivers Ranch Acquisition, 07-1841A*: Kat presented information about this acquisition of an intact estuary. The project protected 132 acres in south Puget Sound, including 1 mile of freshwater shoreline on Deer and Cranberry Creeks and 2/3 of a mile of intact estuarine shoreline. The property is now owned by the Capitol Land Trust, which has a management plan and has a dedicated stewardship fund for all properties. Chair Hover asked about the plan for the property; Kat noted that the property is in excellent condition, with little need for restoration.

No General Public Comment was provided

Partner Reports

Council of Regions Report: Steve Martin, Snake River Region, referenced the COR report (Item 4A), and noted that most of the topics are addressed in the afternoon presentations. Chair Hover asked about coordination with other states in the Snake Region, and whether they could work with them successfully. Steve noted that Washington is ahead of the other states, which are still working through some recovery concepts. The regional plan will be an appendix in the ESU recovery plan. Washington and Oregon are fairly well aligned. They cannot achieve delisting for the entire ESU without the efforts of the other states. Alex Conley, Mid-Columbia Region, noted that they have had good success working with Oregon as well.

Lead Entity Advisory Group Report: Barbara Rosenkotter presented the LEAG report, noting that they are ramping up for the 2011 grant round. They have been working with RCO staff to develop the project conference, and will hold an in-person LEAG meeting the day before. They are excited about the interface between the Habitat Work Schedule and PRISM. She also noted that the lead entities had sent letters to the Governor and Legislature about the importance of the board. The benefit of the board to the “Washington Way” outweighs the potential cost savings. In response to questions from Member Troutt, she noted that there are some concerns about duplication of effort in the process (e.g., the board’s technical review panel and local review panels), but that it is not about the board in particular. Member Troutt asked her to provide more detail to the board if concerns become more apparent.

Regional Fisheries Enhancement Groups (RFEGs): Lance Winecka, Executive Director of the South Puget Sound RFEG, presented on behalf of the 14 RFEGs. He described the role and benefits of the groups, and how they work with lead entities and regions. He noted that they leverage their funds ten-to-one each year, described the various funding sources, and noted that federal funding is not

stable. They are trying to work with WDFW to create long-term funding for the program. Member LaBorde clarified that each organization receives about \$40,000 from license fees annually. Member Troutt noted that the RFEs are great contributors to salmon recovery.

Board Decisions

The board took action on two topics, as follows.

Recognition of Service for Former Board Member Steve Tharinger

The board recognized the service of board member Steve Tharinger, who left the board in January 2011 following his election to the state Legislature. Chair Hover noted highlights of Steve's service and his strong leadership. Other board members and members of the public also recognized his efforts and contributions.

David Troutt moved to adopt Resolution 2011-01 to recognize the service of Steve Tharinger.

Seconded by: Harry Barber

Motion: APPROVED

Designate New Subcommittee Member(s)

Brian Abbott discussed the roles and responsibilities of the subcommittee and asked the board to select a new member. Kaleen noted that the board can reconsider if it continues and has more members in the future.

David Troutt moved to appoint Bud Hover to serve on the board subcommittee.

Seconded by: Harry Barber

Motion: APPROVED

Briefings

State of the Salmon in Watersheds, 2010 Report

Phil Miller and Jennifer Johnson of the Governor's Salmon Recovery Office provided copies of the report and discussed its development and highlights. They noted the work of the partner agencies such as DFW, Ecology, and others. Jennifer noted that the report now consolidates several information sources into a single biennial report, contains an executive summary, and emphasizes the regional scale. The report also includes statewide and regional funding trends, an improved structure that aligns information with the integrated monitoring framework and high-level indicators adopted by the Monitoring Forum, and has high-level watershed planning status summaries.

Jennifer noted the high-level findings in the report. She then described the data gaps in salmon, watershed health, and implementation. She also noted ongoing threats to salmon recovery such as climate change, population growth, and funding uncertainty. She concluded with the plans for 2012, their ongoing needs, and plans for distributing the reports. Kaleen Cottingham noted that it had been approved by the Office of Financial Management, and that it could be distributed freely.

Members Troutt and H. Barber noted they remain concerned about graphs that combine wild and hatchery fish. Jennifer noted that they are making progress in counting wild fish versus hatchery fish. Phil noted that it's a timing issue; the data were not available for the published report, but will be included as an insert and will be online.

Member Troutt referenced the water quality chart on page 27 of the report, and asked whether a watershed that has had a TMDL for temperature would be considered poor or fair. Member Gildersleeve responded that the data is not correlated with the 303D list, and is more of a status and trends type of monitoring based on the monitoring stations. He thinks it is helpful to have the water quality data.

Member Troutt also suggested that the size of the graph on page 29 diminishes the importance of the recovery plan implementation. He noted that we need more money and effort to implement the recovery plans, and that while we have made progress, we have challenges. Phil responded that this is not intended to be an informational, not an advocacy document.

Harry suggested that the harvest figures also should include wild fish as a subset. Sara responded that wild fish will be killed with the alternative gear project, as a consequence of keeping hatchery fish out.

Member Partridge suggested that a more meaningful comparison would be to look at acres within floodplains that are lost to development versus those that are restored. He suggested that looking at all acres lost is overly pessimistic, and that it misses the point that restoration actions are targeted at specific types of land. Phil suggested that better use of land use/land cover will be part of the 2012 report. Sara noted that the board provided funding to improve their ability to get at the data, and the project has been successful.

Member Troutt also suggested that the tribes be more involved in future reports, so that the report better tells the story about the state of the salmon. Phil and Jennifer noted that it is a worthwhile effort, but that obtaining consistent and relatively inexpensive access to data is an issue. Troutt suggested that their involvement would be less about providing data and more about interpreting and drawing conclusions.

State and Regional Salmon Recovery Funding Strategy

Phil Miller presented the notebook item 8, which describes how the Governor's Salmon Recovery Office and regional salmon recovery organizations worked with a consultant to estimate salmon recovery plan costs, current funding, and funding gaps. He explained the data collected through the project, the draft findings, and the potential actions that could improve salmon funding. He clarified that the "10 year" timeframe for the estimates addresses the implementation that could be done in 10 years; there are other implementation actions that would still need to be completed. Phil emphasized that the report is focused on habitat, and that the information is limited for areas without recovery plans.

Phil's presentation concluded with lists of potential actions to maintain existing funding (e.g., communicating, pursuing partnerships, and focusing on priority fund sources) and to prepare to look for potential new sources. The latter was divided into short-term and long-term actions. Long term actions include exploring "green infrastructure" approaches, creating a "Washington Ecosystem

Marketplace,” creating incentives for local government funding, increasing landowner incentives for conservation, and considering dedicated state revenue, once the economy improves.

Board member discussion and questions included the following key points:

- Can the report put the \$5 billion cost into the context of the cost of development over time? Dennis Canty responded that another context would be the other capital costs, such as transportation improvements (e.g., Viaduct replacement).
- Does the 80/20 rule apply to the costs; that is, are we funding the most important projects first, such that if only 20 percent of the funds were available, would we get the greatest possible benefit from it? Is there an inherent loss of benefit over time, as they move through the lists? Harry asked Jeff Breckel to discuss efforts in the Lower Columbia region; Phil responded that the ability to be strategic is increasing and varies by region.
- Member Troutt suggested that we need to continue reminding everyone that natural resources are an important investment, not a luxury. Chair Hover concurred, but noted that the key is reminding everyone what the return on investment would be. Dennis Canty noted that there are studies showing the economic multipliers for habitat restoration are substantial – they are very labor intensive, and good investments.

Public Comment:

Jeff Breckel, LCFRB, suggested that we look at the report as a starting point. The report cannot be the end of developing a strategy, and that they need to start working now on future funding. Strategies need to reflect the local situation and capacity.

Preliminary Discussion Regarding Funding and Scopes of Work for Lead Entities and Regions in 2011-13 Biennium

Phil Miller explained that the GSRO is working with the regional salmon recovery organizations and lead entities to develop a framework for their operating grant agreements in 2011-2013. He explained that this presentation would provide a framework of fiscal and scope of work information, and request board guidance for a formal request in May. Phil provided an extended discussion of the areas of emphasis for the lead entity and regional scopes of work, noting that the bullet points were a framework only. They are working on the specific tasks, and will emphasize integration between the lead entities and regions. Integration will be tailored based on the relationship between the lead entities and regions.

Jeff Breckel, representing the Council of Regions, and Barbara Rosenkotter, representing the Lead Entity Advisory Group, also participated.

- Jeff Breckel noted that all of the regional directors were present because the board is an important partner in the plans. He provided a handout that listed the accomplishments of the regional organizations. He noted that they have been successful in getting monitoring programs in place – it extends beyond projects to the entire recovery plan. They are actively engaged in bringing interested parties (tribes, agencies, etc.) together to move recovery actions forward. Administration also contributes to direct habitat benefits.
- Barbara Rosenkotter described some of the lead entity accomplishments, noting that they have moved from planning to implementation in the last ten years. She noted that the base funding

has remained stagnant, while the responsibilities have increased. The difference has been provided by local jurisdictions and tribes, but that support is declining. Lead entities are reducing staff and hours. She noted that the regions and lead entities are interdependent for recovering salmon. She encouraged the board to continue funding the infrastructure through the economic downturn.

Phil noted that the underlying premise for the proposed fiscal framework is to provide stable funding for the underlying capacity, as long as funding sources can sustain it. They will be working to develop budgets and scopes of work by May 6.

- For regions, the funding formula started with 2009-11 base awards, less voluntary reductions from two regions and a transfer of funds from the Puget Sound region to lead entities. That adjusted base then increased with the addition of special funding needs so that the total amount for stable funding would be \$5,537,260.
- For lead entities, the funding formula again started with 2009-11 base awards, with adjustments, for a total adjusted base of \$3.127 million. That adjusted base would be increased by \$450,000 for Puget Sound implementation tracking and planning and further development of a Puget Sound steelhead recovery plan. The amount for stable funding would be \$3,577,000.
- The total amount for the next biennium would be \$9,114,260. This is about \$329,000 less than the amount for the current biennium. The current biennium included \$550,000 for additional plan completion efforts (paid for unspent funds from 2007-09); the costs for the next biennium would be offset with an estimated \$150,000 in unspent funds. Due to the effect of the returned funds, they are proposing to spend about \$100,000 more in the next biennium than in the current biennium. The \$550,000 was not intended to become part of the base.

Kaleen noted that lead entities have received added funds from federal sources in this biennium as state sources have been cut. Staff cannot tell the board how this proposal would affect the balance of capacity, projects, and monitoring until there is a clearer picture of available state and federal funds. This is only one of the "buckets" that will be presented in May.

Member Troutt noted that the board has invested a lot in the capacity, and believes that it is as valuable as the habitat investments. Maintaining capacity is more important than projects.

Member LaBorde suggested that Phil be able to answer the question of what a 10 to 15 percent cut in funding would look like. She greatly values the work of lead entities and regions, but this is a real situation. She noted that the board wants to keep momentum and values capacity; she would suggest that the Puget Sound steelhead plan is not core to that desire and may not be key to those two values of the board. Member Troutt strongly disagreed with her.

Carol Smith noted that fewer projects equates to fewer results for greater administrative costs. That could hurt future funding requests.

Member H. Barber suggested that they need to look at cuts for projects and capacity. Chair Hover noted that it is a balance between future capacity and projects.

Phil suggested that there needs to be a trigger level for funding, below which cuts would be considered. David suggested that we need to revisit what amount is needed as base.

Gildersleeve asked for a comparison of people to project funding over time. Phil thought that projects have been getting greater increases in funding from all sources, at least until the most recent consideration of cuts in capital funding. Brian stated that we could prepare them for May. The board asked staff to come back with the historical picture, noting what has changed and including funding from the different sources.

Final Comments

Chair Hover reminded the board that the next meeting would be Wednesday and Thursday, May 25 and 26, here in Olympia. Board members had unanimously chosen to move to electronic notebooks, so the RCO would no longer be printing materials, except for presentations.

Meeting adjourned at 4:30 p.m.

Approved by:

Bud Hover, Chair

Date