



**STATE OF WASHINGTON**

**RECREATION AND CONSERVATION OFFICE**

July 2008

**Item #12: 2009 – 2011 Biennium Budget Decisions**

**Prepared By:** Mark Jarasitis, Chief Financial Officer

**Presented By:** Kaleen Cottingham, RCO Director  
Jim Fox, Special Assistant to the Director

**Approved by the  
Director:**

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**Proposed Action: Decision**

**Summary**

The Recreation and Conservation Office submits its 2009-2011 biennial budget (operating and capital) to the Office of Financial Management in early September 2008. The Salmon Recovery Funding Board (Board) must decide on the amount of state funds to request in the capital budget for salmon grants, the Family Forest Fish Passage Program, and Puget Sound projects.

**Background**

The upcoming biennial revenue forecast for the state is grim. A recent forecast predicts the state revenues will have a \$2.4 billion gap. New or increased appropriations from the general fund are unlikely to be approved. New or increased capital budget resources are unlikely to be approved because the debt limit will be limiting bonding capacity.

In a recent memo, Victor Moore, Director of the Office of Financial Management, set forth his expectations of all state agencies: "... In light of these unsettled economic times, we all must limit our expectations. It will not be easy to support new spending on new programs and services. As we proceed through the Priorities of Government



process, we will test every new idea against the results-based prioritizations we develop among our existing activities. It is important that you do the same when crafting your agency budget proposals....”

Given the budget situation, the Board needs to carefully weigh any funding needs and determine how to incorporate new needs without asking for an increase in funding.

The history of Board capital budget requests and appropriations is shown below.

Requested and Appropriated State Funds

Biennium	Salmon Projects		Family Forest Fish Passage		Puget Sound	
	Request	Appropriation	Request	Appropriation	Request	Appropriation
01-03	\$37,000,000	\$26,351,000				
03-05	\$36,000,000	\$12,000,000	None	\$2,000,000		
05-07	\$30,000,000	\$18,000,000	*unknown	\$4,000,000		
07-09	\$42,000,000	\$18,000,000	*\$22,800,000	\$6,000,000	None	\$40,750,000

\* The Department of Natural Resources made the budget request for the Family Forest Fish Passage Program in the 05-07 and 07-09 biennia.

Salmon Protection and Restoration Projects

For salmon project grants, the match that is necessary to receive federal Pacific Coast Salmon Recovery Funds helps guide the Board's request for state funding. The projected federal awards for the next biennium are about \$50 million (\$25 million per year), which would require state matching funds of about \$16.5 million.

In addition, regional recovery organizations that have completed salmon recovery plans may establish project implementation schedules and estimate future project costs. The Governor's Salmon Recovery Office asked each regional salmon recovery organization to estimate the cost of implementing projects contained in their recovery plans for the 2009-11 biennium. The estimates will be presented to the Board at the July meeting.

Family Forest Fish Passage Program

Although the funding for this program is in the Recreation and Conservation Office (RCO) budget, the Department of Natural Resources (DNR) is the agency that requests the program's budget. The DNR develops its request in collaboration with the RCO and the Department of Fish and Wildlife. DNR's request for the 2007-09 budget was \$22.8 million: \$12.8 million for barrier repairs and \$10 million for watershed inventories. The final 2007-09 state budget included \$6 million in capital funds for barrier repairs.

DNR indicates that it may request \$23.9 million in the 2009-11 capital budget, including \$13.9 million for barrier repairs and \$10 million for watershed inventories. In July 2008, but not in time for the Board meeting, the partner agencies will discuss the funding request for the 2009-11 state budget. The Board may wish to weigh in with a recommended level of FFFPP funding for barrier repairs in the 2009-11 capital budget.

### Puget Sound Acquisition and Restoration

The 2007-09 capital budget included \$40.75 million for Puget Sound Acquisition and Restoration (PSAR). The Board distributed the funds to salmon projects in coordination with the Puget Sound Partnership (Partnership) and the Puget Sound Salmon Recovery Council. RCO and Partnership staff will be meeting later in July to decide whether to request project funds for the 2009-11 biennium, and if so, how much. The RCO and the Partnership will also be discussing which agency should administer the grant funds, should a decision be made to request such funds. The Board may wish to provide guidance to the RCO and the Partnership.

### Lead Entity Operational & Administrative Support 2009-2011

Attachment A is a request from the Department of Fish and Wildlife (WDFW) for additional lead entity operational and administrative support. The requested increase is for \$1,235,000, which would increase the projected 2009-2011 lead entity contract to \$4,484,000. According to WDFW, the role of the lead entities has grown significantly because lead entity functions have expanded as recovery plans are implemented.

The Board will need to decide whether to submit this request as a “decision package” for the 2009-11 operating budget from general funds or whether to absorb this need as a programmatic grant within appropriated funds. If the Board decides to pursue this item as a stand-alone decision package, the Board needs to decide the amount of money to request. The Board also must decide how to divide the funding between state and federal funds. In the past, the base funding level has been divided equally, but the Board has occasionally authorized additional federal funds to address emerging needs.

### Additional Items

The final RCO operating and capital budget also will include items such as modest decision packages for the Biodiversity and Invasive Species Councils. Before a final decision is made to move forward with decision packages, the RCO Director and staff will review how other agencies, non-profits, and other funding sources may contribute to the potential decision package and decrease the need of state general fund requests. The RCO also will look for ways to economize on new requests.

### **Next Steps**

The RCO is asking the Board to approve the capital budget items as outlined below and in the proposed Resolution 2008-011.

- We seek your approval on the level of the state funds requested for Board salmon grants, including how to address the funding needs for Lead Entities.
- We seek your recommendation on working with DNR on funding for the Family Forest Fish Passage Program.

- We seek your guidance and/or a decision about the roles of the Board and the Puget Sound Partnership in funding the Puget Sound Acquisition Restoration program.

## **Attachments**

### Resolution 2008-011

- A. Request from the Department of Fish and Wildlife (DFW) for additional lead entity operational and administrative support

**RESOLUTION 2008-011**

**Salmon Recovery Funding Board 2009-11 Operating and Capital Budget Requests**

**WHEREAS**, the Recreation and Conservation Office (RCO) must submit a 2009-2011 Capital Request Budget to the Office of Financial Management; and

**WHEREAS**, the RCO finds there is a continuing and compelling need for funding to maintain and enhance the state's quality of life and ecosystem health by investing in salmon recovery efforts; and

**WHEREAS**, salmon protection and restoration project grants, the Family Forest Fish Passage Program, the Puget Sound Acquisition and Restoration program, and support of lead entities are critical components furthering the goal of maintaining and enhancing the state's quality of life by recovering salmon;

**NOW, THEREFORE, BE IT RESOLVED**, that:

1. The Salmon Recovery Funding Board hereby approves the 2009-2011 Budget requests shown below.

Program	2009-11 Request
Salmon Protection and Restoration Projects	\$
Family Forest Fish Passage Program	\$
Puget Sound Acquisition and Restoration	\$
Lead Entity Operational & Administrative Support	\$

*Resolution moved by:* \_\_\_\_\_

*Resolution seconded by:* \_\_\_\_\_

*Adopted/Defeated/Deferred (underline one)*

*Date:* \_\_\_\_\_



State of Washington  
**DEPARTMENT OF FISH AND WILDLIFE**

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Main Office Location: Natural Resources Building, 1111 Washington Street SE, Olympia, WA

June 26, 2008

To: Salmon Recovery Funding Board (SRFB) Members and Designees

From: Lauri Vigue, WDFW Lead Entity and Watershed Steward Coordinator

SUBJECT: Lead Entity Operational & Administrative Support 2009-2011

### **Background**

The Washington State Legislature has supported the funding of the lead entity administrative program managed by the Washington Department of Fish and Wildlife (WDFW) with grants provided through the Recreation Conservation Office (RCO) since 1999. This memo describes our budget for the upcoming biennium (FY 2009-2011) and includes a request for an additional \$1,235,000. The majority of this increase reflects an increase in capacity funds for the lead entities. WDFW's Proposal for Additional Funding \$1,235,000 is based on legislative appropriation of \$3,250,000 for fiscal year 2007-2009.

Since the inception of the Lead Entity Program, the facilitation role of the lead entities has grown significantly. A survey conducted in 2007 by our agency found:

- 90% of the lead entities reported substantial increase in time and resources necessary to support regional and statewide salmon recovery coordination;
- 50% of the lead entities reported substantial increases in resources spent on facilitating local processes for project funding requests; and
- Many have also experienced significant increases in travel costs as they have responded to the need for increased coordination both within their areas as well as with regional and statewide salmon recovery processes.

### **Expansion of functions**

As salmon recovery plans head into implementation, lead entity functions have expanded to include the following activities:

- Coordinate with regions in the development and implementation of adaptive management and monitoring strategies
- Building relationships with local sponsors to assure implementation of habitat projects are successful
- Track and evaluate progress in project implementation, measure project success, measure progress on local salmon recovery objectives

- Coordinate watershed salmon habitat plans with hatchery and harvest actions
- Coordinate with watershed planning, shellfish protection efforts, marine resource committees, local government regulations, land use planning, and other related activities that intersect with salmon recovery activities
- Assist local project sponsors in identifying and securing priorities on local strategy
- Facilitate local processes for project funding requests BEYOND SRFB (Community Salmon Fund, Puget Sound Restoration and Protection Funds)

### **Lead Entity Program Successes**

Lead entities have been successfully building local community support for salmon recovery by developing and ranking high quality, locally supported salmon habitat protection and restoration projects for over nine years. Lead entities continue to play key roles in the implementation of regional salmon recovery plans. The six salmon recovery region plans in the state were founded upon lead entity strategies. Currently, lead entities are entering their data into the statewide Habitat Work Schedule system, scheduled to be complete by June 30, 2008.

Specific accomplishments of the WDFW Lead Entity program administration over the past fiscal year include:

- Facilitated in development of a new lead entity grant administrators for the Pend Oreille (Kalispel Tribe), and the WRIA 1 Salmon Recovery Board (Nooksack Tribe)
- Published the second annual Directory of Lead Entities For Salmon Recovery
- Lead Entity/Watershed Steward Training was held on February 26-27 in North Bonneville, Washington (topics included: what makes a strong lead entity, outreach and technical assistance)
- Updated Operational Grants Policy & Procedures Manual (July 2007)
- Contract development and management
- Facilitation and support of the Lead Entity Advisory Group (LEAG)
- Establishment of priorities and coordination of activities of the Watershed Stewardship Team
- Published *Puget Sound Nearshore Project Priorities: Assessing Consistency between Local and Regional Strategies of the Puget Sound Salmon Recovery Plan*
- Issued 14 grant amendments for activities related to the Puget Sound Acquisition and Restoration Funds
- Developed a Lead Entity Coordinator Welcome Packet

### **Lead Entity Operational Contracts (\$1,002,000 requested)**

Increased statewide contract funding will amount to \$4.137 million from \$3.135 million (FY 2007-09 award\*). While the workload of lead entities has expanded, the level of funding for lead entities has remained stagnant, and has actually decreased in terms of real dollars over the past 10 years. We are proposing to fund most of the lead entities closer to 1 full time FTE (\$80,000).

**Lead Entity Administration (\$70,402 requested\*\*) includes:**

- Increase in administration costs to manage contracts and amendments (2 FTE)
- Travel and goods/services costs
- Lead Entity Training
- Lead Entity Advisory Group Support

**Lead Entity Accountability**

The WDFW program coordinator monitors the lead entity contract deliverables and contract balances for each of the 27 contracts. Lead entities are not reimbursed for final invoices until all of their deliverables have been submitted.

The Lead Entity Operational Grants Policy and Procedures document was updated in July 2007. WDFW developed performance measures for the Puget Sound Capacity Grants, which will be recorded every six months.

\*SRFB awarded an additional \$35,000 in FY 2007-09, which included capacity funds for the start up funds for of the North Pacific Coast Lead Entity.

\*\*SRFB awarded an additional \$127,598 in FY 2007-09 LE Admin.